

# ANNUAL REPORT 2018

Thai Union Group  
Public Company Limited

## No.1

COMPANY IN GLOBAL FOOD  
PRODUCTS INDUSTRY

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM





# COMPANY PROFILE

Thai Union Group Public Company Limited  
Registration No. 0107537000891

## TYPE OF BUSINESS

Processor and exporter of frozen and canned seafood

## HEAD OFFICE

72/1 Moo 7, Sethakit 1 Road, Tarsrai Sub-District,  
Mueang Samut Sakhon District,  
Samut Sakhon Province 74000  
**Tel.:** +66 (0) 3481-6500 (Automatic 7 Lines)  
**Fax:** +66 (0) 3481-6886

## BANGKOK OFFICE

979/12 M Floor, S.M. Tower,  
Phaholyothin Road, Phaya Thai,  
Phaya Thai, Bangkok 10400  
**Tel.:** +66 (0) 2298-0024, 2298-0537 - 41  
**Fax:** +66 (0) 2298-0548, 2298-0550

## INVESTOR RELATIONS DEPARTMENT

**Tel.:** +66 (0) 2298-0024  
**Fax:** +66 (0) 2298-0342  
**Email:** [ir@thaiunion.com](mailto:ir@thaiunion.com)

## CORPORATE COMMUNICATIONS DEPARTMENT

**Tel.:** +66 (0) 2298-0024  
**Fax:** +66 (0) 2298-0024 ext. 4449  
**Email:** [tu\\_corporate@thaiunion.com](mailto:tu_corporate@thaiunion.com)

## WEBSITE

**[thaiunion.com](http://thaiunion.com)**

Listed on the Stock Exchange of Thailand  
Since November 22, 1994

As of December 31, 2018  
Registered capital  
THB 1,492,953,874 (5,971,815,496 shares)

Paid-up capital  
THB 1,192,953,874 (4,771,815,496 shares)

Par value THB 0.25 per share



# CONTENTS

Company Profile.....	1
Message from Our Chairman.....	4
Message from Our President and CEO.....	6
Thai Union's Footprint.....	8
Thai Union's Footprint.....	10
Thai Union Strategy.....	13
Our Brand Portfolio.....	16
Finance Highlights.....	22
5-Year Comparative Financial Statistics.....	23
Organization Chart Corporate History and Development.....	26
Board of Directors.....	30
Audit Committee and Sub-Committee.....	43
Global Leadership Team.....	44
Management Team.....	46
Awards and Recognitions.....	48
Quality and Food Safety.....	52
Our Core Product Categories.....	55
2018 Sales Breakdown and Distribution.....	58
Sale Structure of TU And Subsidiaries.....	59
Group Business Structure.....	60



Details of the Company, Its Subsidiaries and Associated Companies, and Joint Ventures.....	64
Industry Overview.....	74
Selected Brand Share in 2018.....	80
Sustainability at Thai Union.....	82
Environment, Health, and Safety.....	86
Innovation at Thai Union.....	90
Thai Union Ingredients.....	93
Report of the Audit Committee.....	94
Report of the Nomination And Remuneration Committee.....	96
Corporate Governance Report.....	97
Report of the Risk Management Committee 2018.....	136
Risk Management and Risk Factors.....	138
Management Discussion and Analysis.....	150
Shareholding Structure and Management.....	158
Connected Transactions.....	160
References.....	170
Remuneration for the Company's Independent Auditor 2018 (Thailand Only).....	171
Statement of the Board of Director's Responsibilities for the Financial Statements.....	172
Independent Auditor's Report.....	173





# MESSAGE FROM OUR CHAIRMAN

Thai Union was faced with a number of business challenges during 2018. However, there were also many positive developments during the year which allow me to be somewhat optimistic about the year ahead. The Thai baht's strength last year added persistent pressure to our business, which was also dampened by a decline in raw material prices. For the full year, our net profit (before a non-operational one-time expense) declined 13.3 percent to THB 5.2 billion. We have also announced a full year dividend of THB 0.40 per share, while our gross profit margin was 14.2 percent, compared to 14.3 percent as reported in 2017.

The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (before a non-operational one-time expense) was THB 11 billion, down from a restated THB 11.6 billion in 2017. Annual sales revenue was THB 133.28 billion, a 1.2 percent decline over the previous year.

The Thai baht continued to appreciate during the year, while we faced additional pressure from declining raw material prices. While it was a difficult year for the business, we entered 2019 with a positive outlook for our operations. Thanks to prudent management last year, with a constant focus on operational excellence, our patience was rewarded in the fourth quarter of the year when

we booked a 3.7 percent year-on-year increase in sales to a record THB 36 billion. At the same time, our operating profit during the final three months improved 55.2 percent on-year to THB 1.50 billion, which was our highest quarterly margin in two years. Our free cash flow improved to THB 8.40 billion, almost triple that of 2017.

Our business operates in a difficult industry. The challenges can be immense. But we are a proud team at Thai Union and we have great confidence in achieving the ambitious targets we have set. Our vision and our strategy are clear. And we have a team that remains deeply committed to delivering on our six core pillars: Innovation, Sustainability, Operational Excellence, Mergers and Acquisitions, Global Talent Development and Strategic Sourcing.

We are proud of the healthy and nutritious food products that we deliver for our customers around the world. With our increasing focus on innovation, I am confident that Thai Union will drive towards greater success as we develop new products that will meet the ever-changing needs of consumers in multiple markets. While we innovate for the future, sustainability will remain at the heart of our operations, ensuring we continue to build a sustainable business with sustainable growth.



**“LAST YEAR WE FACED SOME DIFFICULT BUSINESS CHALLENGES, BUT I WAS IMMENSELY PROUD OF HOW OUR GLOBAL TEAM, WITH A LASER FOCUS ON COLLABORATION AND IMPLEMENTING GREATER EFFICIENCIES, HELPED US END THE YEAR ON A POSITIVE NOTE. I WOULD ALSO LIKE TO GIVE MY SINCERE THANKS TO OUR SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS FOR THEIR CONTINUED TRUST AND SUPPORT OF THAI UNION.”**

A handwritten signature in black ink, consisting of stylized, fluid strokes.

**MR. KRAISORN CHANSIRI**  
CHAIRMAN



# MESSAGE FROM OUR PRESIDENT AND CEO

2018 was a year with plenty of challenges. But it was also a year of learning and discovery. Most importantly, it was a year where Thai Union demonstrated again that when we face adversity, we can achieve positive outcomes when we collaborate across all our business units and work as a united team.

As you know, the seafood industry is a volatile one. It's a business that requires you to be nimble, so that you can quickly adapt to the ever-changing landscape. Last year was a great example of how Thai Union is able to change as the circumstances require. After a tough start to the year, our business discipline ensured we were still able to deliver positive financial results, while giving us momentum heading into 2019.

While we faced challenges last year, it was pleasing to see continued robust demand for our products in multiple markets around the world. The U.S. remained a critical market for Thai Union, contributing 38 percent of total sales. Our markets in Europe contributed 31 percent of sales, the Thai domestic market increased to 11 percent, while Japan was stable at six percent. Emerging markets also became more important for sales, with continued growth in markets such as China.

To ensure continued positive momentum in those markets, it is important that Thai Union remains firmly focused on operational excellence and profitability improvement. For instance, in the U.S.

we continue to improve the performance of Red Lobster with stronger off-premise business, more focus on restaurant operations and a continuously improving supply of culinary delicacies from Thai Union.

Last year, we continued to invest in innovation because it is critical to our future success. This investment has started delivering positive results and we expect to roll out more new products in several markets in 2019. The Global Innovation Center (GIC) continues to make significant progress, with awards for our Yellowfin Tuna Slices, which were also rolled out and commercialized across the U.S., Europe and the Middle East. The GIC also introduced some other new offerings, including for our brands Chicken of the Sea, John West and Petit Navire.

In November last year, we commissioned a state-of-the-art, USD 24 million tuna oil refinery in Rostock, Germany, which makes Thai Union the only refiner of high-grade tuna oil with complete end-to-end supply chain and production management.

During 2018 we also strengthened our portfolio with the acquisition of a 25.1 percent stake in Thammachart Seafood Retail Co., Ltd (TSR) in Thailand. TSR provides professional management services to Thai retailers for their seafood counters, handling fresh and frozen product at 162 locations in Thailand. Thai Union also acquired 45 percent shares of TUMD Luxembourg S.a.r.l (TUMD), a retail-focused fish and seafood business operating Russia's number one canned tuna producer that also operates in the frozen seafood segment. Our subsidiary Européenne de la Mer also made the difficult decision to close the loss-making chilled salmon business in Scotland, The Edinburgh Salmon Company Ltd ("ESCO") after no feasible alternative solution to closure was found during a collective consultation period.

Of course, our sustainability strategy, SeaChange®, remains at the heart of our business and also our future. Through SeaChange®, Thai Union will meet its commitment to care for our resources and ensure they remain healthy for future generations.

We have invested in a broad range of initiatives across our entire business, taking a leadership position in the global seafood industry to implement positive change that is being replicated by our peers. Our efforts are not going unnoticed. I was so proud last year when Thai Union was named Number 1



in the world in the Food Products Industry in the Dow Jones Sustainability Index, achieving a best-in-class 100<sup>th</sup> percentile ranking for total sustainability score. Last year was the fifth consecutive year that Thai Union has been named to the DJSI, reflecting our commitment to be a leading company globally in sustainability.

Thai Union was also involved in other important initiatives in 2018. We joined the Global Ghost Gear Initiative to help combat marine plastic pollution, as part of our commitment to protect our resources,

while we also launched SeaChange® IGNITE to help provide more sustainable seafood from Southeast Asia to our important U.S. market.

The challenges our industry face are numerous, but at Thai Union we embrace these headwinds. I have great confidence not only in our leadership team, but the entire Thai Union family, that by working together we will not only emerge stronger, but by following our very clear business strategies, we will achieve our ambitious goals.

**“2018 PROVIDED ME WITH ONE OF MY PROUDEST MOMENTS WHEN THAI UNION WAS NAMED NUMBER 1 IN THE WORLD IN THE FOOD PRODUCTS INDUSTRY IN THE DOW JONES SUSTAINABILITY INDEX, A RECOGNITION THAT REALLY HIGHLIGHTS OUR COMMITMENT TO BE A LEADING COMPANY GLOBALLY IN SUSTAINABILITY.”**



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**MR. THIRAPHONG CHANSIRI**  
PRESIDENT AND CEO





# THAI UNION'S FOOTPRINT

Brands / Corporate office / Sales / Key joint venture and associated companies



Brands



Corporate office / sales



Strategic Partnership/  
Key joint venture

## LEGEND

### Consumer Brands

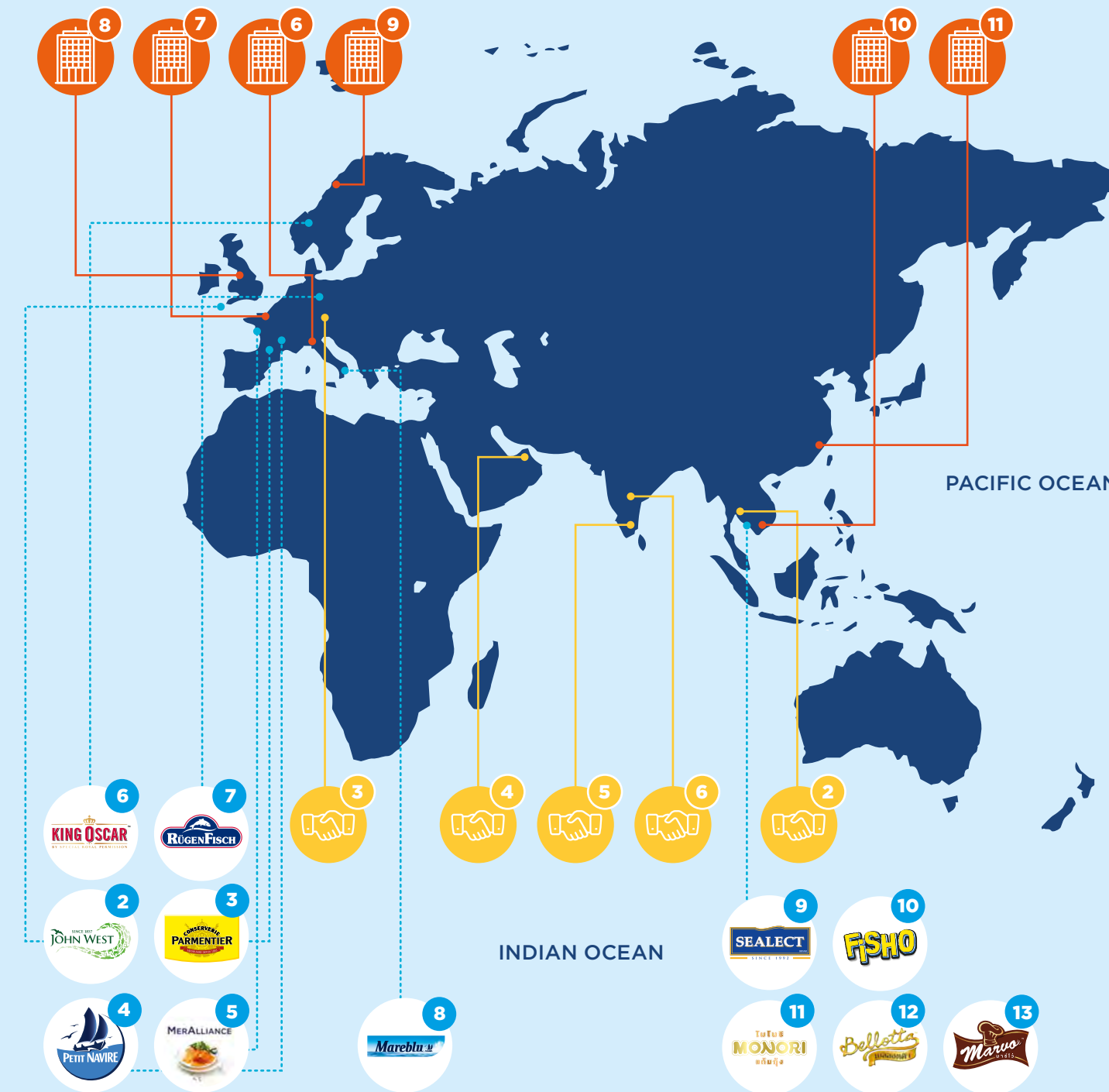
- 1 Chicken of the Sea, USA
- 2 John West, UK
- 3 Parmentier, France
- 4 Petit Navire, France
- 5 MerAlliance, France
- 6 King Oscar, Norway
- 7 Rügen Fisch, Germany
- 8 Mareblu, Italy
- 9 SEAELECT, Thailand
- 10 FISHO, Thailand
- 11 Monori, Thailand
- 12 Bellotta, Thailand
- 13 Marvo, Thailand
- 14 US Pet, USA

### Corporate office / Sales

- 1 El Segundo, CA, USA
- 2 San Diego, CA, USA
- 3 Lake Success, NY, USA
- 4 Portsmouth, NA, USA
- 5 Shediak, Canada
- 6 Milan, Italy
- 7 Paris, France
- 8 Liverpool, UK
- 9 Svolvær, Norway
- 10 Bangkok, Thailand
- 11 Shanghai, China

### Strategic Partnership/ Key joint venture

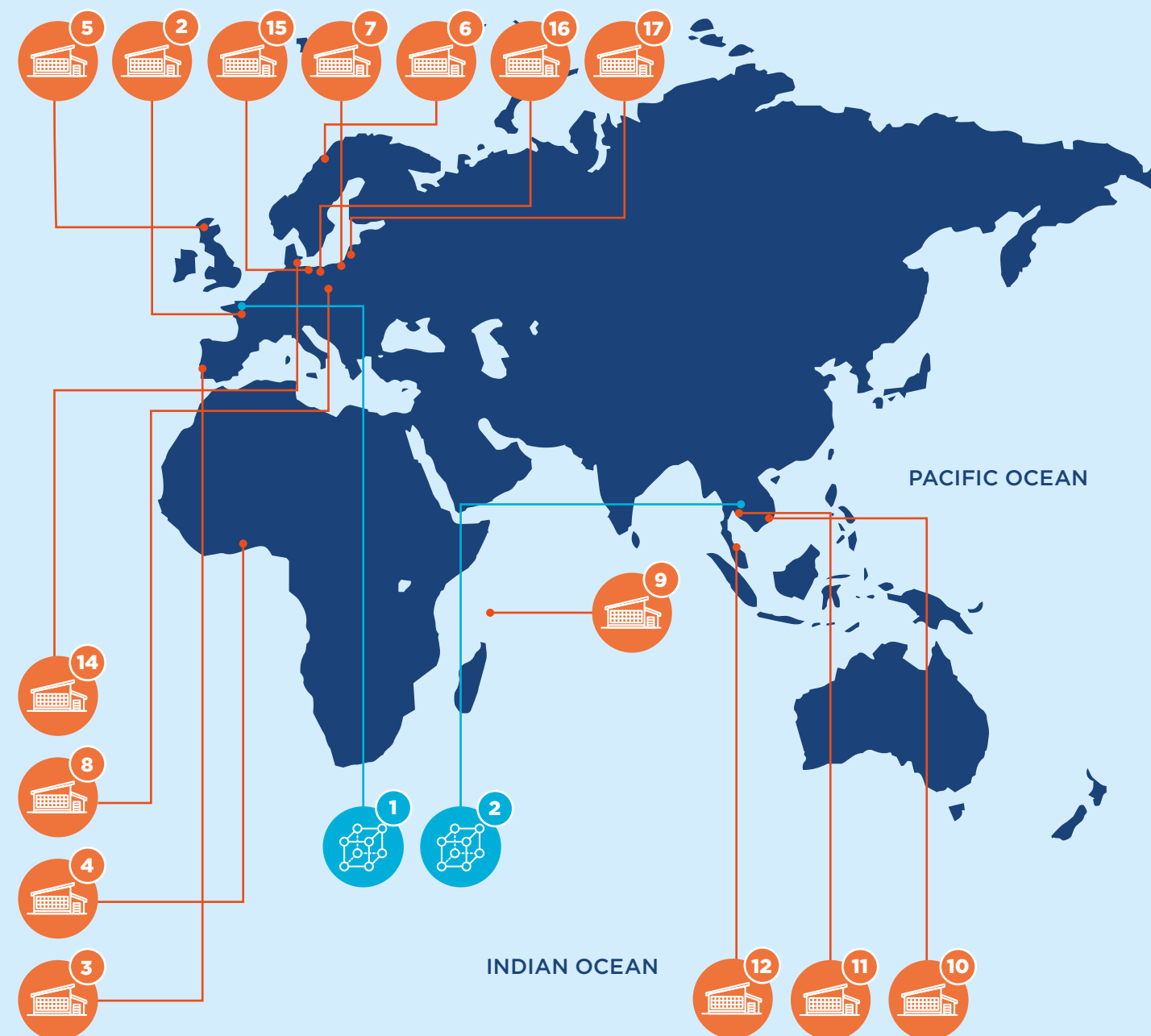
- 1 Red Lobster, USA
- 2 Thammachart Seafood, Thailand
- 3 TUMD Luxembourg, S.a.r.l., Luxembourg
- 4 Seafood International Two FZCO, UAE
- 5 Avanti Frozen Food, India
- 6 Avanti Feeds Ltd., India





# THAI UNION'S FOOTPRINT

Production location / Innovation center / R&D center



Production plant



Innovation center / R&D center

## LEGEND

### Production location

- 1 Lyons, Georgia
- 2 Quimper, France
- 3 Peniche, Portugal
- 4 Tema, Ghana
- 5 Dingwall, UK
- 6 Svolvær, Norway
- 7 Gniewino, Poland
- 8 Bydgoszcz, Poland
- 9 Mahe', Seychelles
- 10 Long An, Vietnam
- 11 Samut Sakhon, Thailand
- 12 Songkhla, Thailand
- 13 New Brunswick, Canada
- 14 Lübeck-Schlutup, Germany
- 15 Sassnitz, Germany
- 16 Rostock, Germany
- 17 Kretinga, Lithuania

### Innovation center R&D center

- 1 Douarnenez, France
- 2 Bangkok, Thailand



## OUR VISION

To be the world's most trusted seafood leader, caring for our resources to nurture generations to come.

## OUR MISSION

To be the seafood industry's leading agent of change, making a real positive difference to our consumers, our customers and the way the category is managed.

## OUR GOAL

Over the next three years Thai Union will continue to build on its existing strategic business portfolio, developing our employees all over the world and pursuing our sustainability agenda. We plan to strengthen the profit quality and cash generation of our core operations in line with our target to reach 5 to 6 percent net profit annually. We will continue to drive synergies and profit contributions from our strategic investments in Red Lobster and Avanti, and strongly venture into new innovative business areas like ingredients, added value food solutions and pet care. Prudent management of resources will continue to be at the center of our leadership's attention. Our Vision is to be the world's most trusted seafood leader and this shall remain the guiding principle for our core businesses.



# THAI UNION STRATEGY

2018 was another challenging year for Thai Union. Increased competition within the global seafood industry, decelerating growth within our key markets and high raw material prices have continued to pose a significant pressure on Thai Union's businesses. In addition, our 2018 performance was further impacted by unforeseen market situations (e.g. the yellowfin shortage and increased THB strength). Our performance in the first half of 2018 was severely hit by these market challenges, but we managed to recover strongly in the second half of the year.

Despite the challenging market environment, during the year we have seen many positive results and discipline in operating costs reduction. We also took tough management decisions to divest loss making operations, and managed our aged inventory to significantly reverse accrual expenses. We remain committed to our vision and mission and our strategic plan comprised of six core pillars (Innovation, Sustainability, Operational Excellence, Mergers and Acquisitions, Global Talent Development and Strategic Sourcing).

Looking forward, we will continue to execute our strategy with a focus on strengthening and rejuvenating our core businesses, to ensure the profitable growth. In addition, we will increase our efforts to further develop our portfolio to ensure that we continue to stay ahead of consumer and market

trends. We have solid organic growth plans in place and continue to look for strategic acquisitions and investments to further strengthen our market position and enhance our sourcing and distribution networks.

## INNOVATION: DEVELOPING GAME-CHANGING SOLUTIONS FOR ENHANCED CONSUMER SATISFACTION AND SHARED VALUE

Innovation is a strategic cornerstone that will help drive sustainable growth and play an important role in shaping the future of Thai Union. The **Global Innovation Center (GIC)**, established in 2015 by Thai Union in collaboration with Mahidol University, is a world-class R&D facility to develop new products, packaging and processing, and thus add more value to Thai Union's seafood business

In 2018, the research and development theme of GIC is focused on five categories: fish, shrimp, petcare, ingredients, and productivity. As we channel GIC's research into new product development and process improvement, we aim to begin commercializing our innovations on a global scale.

The investment in GIC has led to the launch of several innovative products, for example **Fresh Tuna**, a new pasteurised tuna product, and **Mirror Packaging**, an innovative plastic packaging solution for ambient products. The investment in GIC has also led us to build Thai Union's Marine Ingredients business – which uses high-quality side stream materials, to create valuable nutrients for infant formula, cosmetics, dietary supplements and clinical nutrition. The initial industrialization of these efforts was realized in November 2018, when Thai Union opened a state-of-the-art tuna oil refinery plant in Germany, with advanced extraction and refinery technology. We aim to start the commercialization of premium tuna oil in the beginning of 2019. Looking forward, innovation will play a bigger role in Thai Union's business and is expected to contribute positively to the company's revenue growth.

## SUSTAINABILITY: SETTING THE STANDARD FOR SOCIAL, ENVIRONMENTAL AND ECONOMIC RESPONSIBILITY FOLLOWING THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

To become the world's most trusted seafood leader, sustainability underpins our core business functions



and serves as a measurable standard to which we align key decisions and practices. Thai Union is taking a leading role in sustainability in the global seafood industry. In 2015 Thai Union committed to “SeaChange®,” our global sustainability strategy which can be classified into four areas with a set of specific milestones.

1. **Responsible sourcing:** Thai Union promotes full traceability, moving towards having 100 percent of our branded tuna either MSC certified or engaged in a fishery improvement project, with a minimum target of 75 percent by 2020. We launched and continued to support a number of Fishery Improvement Projects in 2018, and published our first Tuna Commitment Update.
2. **Safe and legal labor:** Our objective is that our workers, whether in our own facilities or in our supply chain, are safe, legally employed and empowered. This year, Thai Union introduced its **Fishing Vessel Improvement Program and Vessel Code of Conduct as an extension of our Business Labor and Ethics Code of Conduct**, to provide guidance to the fishing vessels from which the company sources, as well as improve labor and ethical performances in the fishing sector.
3. **Responsible Operations:** We have initiatives in place to ensure our operations are as advanced, effective and innovative as possible while minimizing our impact on the environment. We also give high priority to the health and safety of our workers. Among those initiatives are: promoting environmental awareness, improving freezing processes and facilities, improving water efficiency in water-stressed areas, reusing wastewater, creating biogas from wastewater, and improving the lost-time injuries frequency rate.
4. **People and Communities:** We want to have a positive, practical impact on the communities in which we work. Our CSR programs, community work and local engagement will improve the lives and facilities of those living near us and working with us. In 2018 we launched our strategy to tackle ocean plastics, including a video for staff and communities on what they can do to minimize plastic usage, a pipeline of innovative packaging designs, and announcing our global partnership with the Global Ghost Gear Initiative. By weight, abandoned, lost and discarded fishing gear makes up approximately 70 percent of macro ocean plastics, and our work with this program and coastal communities should help to bring about a sea change.

In 2018, Thai Union made significant progress in successfully incorporating sustainability into our corporate culture and governance. Not only that we have established cross-department collaboration programs within the Thai Union community, we also initiated a SeaChange® IGNITE program – a partnership between our U.S. branded business (Chicken of the Sea) and the Monterey Bay Aquarium. The objective of this joint incentive program is to encourage farmers and fishermen to adopt sustainable practices into their businesses, and ensure that our raw materials supply fully meet the global sustainability standards.

## OPERATIONAL EXCELLENCE: DRIVING TOWARDS A GLOBALLY INTEGRATED BUSINESS AND PRODUCTIVITY IMPROVEMENT THROUGHOUT THE SEAFOOD VALUE CHAIN

From sourcing raw seafood materials to processing and manufacturing finished products, we have built a global network of facilities which all operate to the highest quality standards and norms.

Thai Union has over 20 production facilities in North America, Europe, Africa and Asia. Our factories fulfill all required **technical and quality standards**, and we also have kosher and halal certified factories to support specific groups of customers. In order to constantly improve the health and safety of our workers, all operations are regularly assessed according to specific evaluation criteria, and training and improvement needs are addressed. Best practice sharing and the establishment of a culture of continuous improvement ranks high on our agenda. A new position has been created within Thai Union to oversee operational excellence at the production facilities. Moreover, the launch of **global SAP** in Thailand and Europe will enable us to work on a common platform and help us integrate acquired businesses more effectively and gain financial visibility across our global operations.

In September 2018, the supply chain management team from across Thai Union’s global network came together for our first global **Operational Excellence Summit**. The objective was to share best practices and align on common standard KPIs for all of Thai Union’s production facilities. The Summit was also intended to reinforce collaboration across Thai Union’s global supply chain network, and deploy Operational Excellence standards and policies. Thai Union recognises the importance of Continuous Improvement discipline, and encouraged all



employees to incorporate Continuous Improvement culture into day-to-day business practices.

## MERGERS AND ACQUISITIONS (M&A): MAXIMIZING INVESTMENTS FOR THE BENEFIT OF ALL SHAREHOLDERS

Thai Union continues to explore strategic M&A opportunities within each of its business categories, to identify targets that would further strengthen our market positions and act as platforms for future growth.

In 2018, we executed several smaller transactions: 1) Minority buyout of **Thai Union Canada (TUCa)**; and 2) JV investments with **PT Thai Union Kharisma Lestari (TUKL)** in Indonesia, **DPR Group and LLC Maguro** in Russia and **Thammachart Seafood** in Thailand. In addition to these transactions, we increased our focus on post-merger integration and deal value realization of acquired companies. After taking control of a business, Thai Union typically takes immediate action on establishing corporate governance and policies at the acquired company. Our “First 100 days” integration guidelines and dedicated synergy tracking process are in place for a seamless integration.

By ensuring active engagement of the management and close monitoring of synergies, Thai Union continues to work towards maximizing the investment for the benefit of all shareholders.

## GLOBAL TALENT DEVELOPMENT: IMPLEMENTING OUR VALUES AND INCREASING ENGAGEMENT TOWARDS A SUSTAINABLE AND PROSPEROUS FUTURE TOGETHER

Development of our people is the core of our human resources strategy. Our dedication to employee development is underpinned by the philosophy that every employee is valuable to Thai Union Group. As such, we provide employees with development opportunities that vary depending on their needs and readiness.

At Thai Union, our culture is transmitted through the **Big Six values**, which means we are a team of **passionate, humble and respectful** individuals driven by a **responsible, collaborative and innovative** approach to our work. We believe these core values, supported by our Leadership Expectations framework, will drive a high performing culture and

set an example for what good leadership should look like. Therefore, the values are integrated throughout our human capital management process, such as our performance management, leadership development and selection process.

To ensure employee development needs remains at the forefront, Thai Union conducted an annual Employee Survey in 2018 to measure our levels of employee engagement and identify priority areas for improvement. The overall score was positive and above the F&B industry benchmarks. Whilst this fills us with confidence in the way we are progressing within this area, there is still room for improvement. We have identified key drivers that will help Thai Union increase employee engagement, and have put the development and execution of action plans on our top management agenda. In addition, we will be implementing a corporate “Center of Excellence”, with two key pillars focused on developing world-class expertise in Seafood Engineering and Sales + Marketing. We believe these HR initiatives will further enhance our reputation as industry leaders in sustainability and talent development, and serve as key foundational pieces of our longer-term people development strategy.

## STRATEGIC SOURCING: SECURING CONTINUOUS ACCESS TO SUFFICIENT AND SUSTAINABLE RAW MATERIALS BY LEVERAGING THE GLOBAL SCALE OF OUR OPERATIONS

Since Thai Union is one of the world’s biggest seafood processors and raw material is the largest component of our cost base, our sourcing strategy is essential to the operations of our business.

For tuna and other species, our sourcing strategy balances seafood stock availability with price volatility, securing continuous access to sustainable raw seafood material from reliable suppliers.

Thai Union has established a **Global Fish Procurement Organization**, comprising of regional procurement leadership team, to enhance our strategic sourcing capability and supply chain management of fish and seafood raw materials.

On non-fish category procurement, following Thai Union’s success in the execution of a global tender for the procurement of metal packaging category across our global network in Asia, Europe and Africa in 2017, we continue to constantly explore both commercial and operational means to **leverage our global scale and build best-in-class sourcing capabilities**.



## OUR BRAND PORTFOLIO

Thai Union's vast selection of shelf-stable, chilled, and frozen foods and related products makes mealtimes delicious, dynamic, easy, and healthy for millions of families worldwide. Our portfolio of consumer-favored brands across North America, Europe, Asia, and the Pacific has a global reach, with product developments informed by local insights and market preferences.

Through strategic mergers and acquisitions, our family of brands is expanding its market share around the world. Our commitment to innovation, sustainable growth, quality, and consistency facilitates our competitive advantages.

### NORTH AMERICA



#### CHICKEN OF THE SEA AND CHICKEN OF THE SEA FROZEN FOODS

In 1914, Chicken of the Sea began as a California-based fish canning company. Over the decades, its iconic mermaid image and reputation for quality have made it a household name. More than a century later, Chicken of the Sea is synonymous with health, nutrition, and convenience; with a variety of products that, in addition to tuna, include sardines, shrimp, lobster, salmon, and crab. Ensuring a healthy supply of seafood for future generations is imperative to Chicken of the Sea. The company has pioneered responsible sourcing initiatives including the Dolphin-Safe Policy, Shark Finning Ban, and a partnership with MSC and the International Seafood Sustainability Foundation.



#### GENOVA

In 1992, Thai Union's Genova brand of tuna was launched for customers seeking a high-quality, great tasting product. Genova uses wild-caught, hand-selected, premium yellowfin and albacore tuna, with its quality embodied in its slogan, "Simply Fulfilling." The growth of the premium tuna market is outpacing mainstream tuna products, and Genova is taking advantage of consumer trends by building awareness and expanding its distribution channels.

## EUROPE



### JOHN WEST

Since 1857, John West has distinguished itself with its rich heritage and ongoing commitment to serving the highest-quality seafood products. The John West brand's commitment to quality is matched by its emphasis on product and packaging innovation. In 1952, John West introduced its canned tuna for the very first time—a product that would soon become a staple in kitchens everywhere. In 2014, John West and Thai Union Europe committed to improving the sustainability of its seafood. The changes made, which now extend across all of Thai Union's global business, include implementing fishery improvement projects, meeting the standards of the Marine Stewardship Council, improving management of fish aggregating devices in tuna fisheries, and protecting workers' rights with a code of conduct for all supply chain vessels.



### PETIT NAVIRE

Founded in 1932, Petit Navire has established itself as the most famous French tuna brand. In 1982, its first television campaign etched the brand in French consumers' minds with the slogan "Le bon goût du large" ("The good taste of the sea"). Petit Navire has seen continuous operational growth throughout its history, and is a model of modernity for the entire industry.



### PARMENTIER

Since 1883, Conserverie Parmentier has perfected the craft of canning to offer gourmets real moments of pleasure. Conserverie Parmentier's sardines are carefully selected and prepared with quality ingredients, creating tasty recipes that stand the test of time. Preserving its heritage of quality, Parmentier sardines are only fished during the ideal season; typically, between June and December. Parmentier selects only the best fish, carefully controls its curing process, and prepares them by hand.



## EUROPE (CONTINUED)



### KING OSCAR

The King Oscar brand was born from a royal's love of fine sardines. In 1902, King Oscar II, ruler of Norway and Sweden, granted special royal permission to the Christian Bjelland Company—one of Norway's leading seafood canning companies—to use his name and portrait on their Norwegian sardines. Since its founding, King Oscar has offered discerning consumers the finest premium seafood, sourced from the pristine waters of the Norwegian Sea. King Oscar is the number one premium sardine brand in the USA, Norway, and Australia, while its mackerel line is number one in Poland. King Oscar's cod liver and mackerel lines are focused on premium, niche, and healthy sectors.



### MAREBLU

Mareblu, founded in the early 1970s, has developed as a strong, profitable, and attractive alternative to leading competitors in Italy. Thanks to its focus on quality and innovation, Mareblu is known as the only tuna brand in Italy produced where the tuna is caught; with the slogan, "Il tonno lavorato sul luogo di pesca." This fully integrated process results in a product of the highest standards in taste, quality, and nutrition.



### RÜGEN FISCH

Since 1949, Rügen Fisch has grown its business to become the leading seafood company in Germany, representing a powerful line of ambient and chilled seafood brands. These include brands for shelf-stable canned seafood products such as Rügen Fisch and Hawesta—a historic brand founded in 1909, along with brands for chilled products such as Ostsee Fisch (smoked salmon products) and Lysell (canned premium seafood).

## ASIA-PACIFIC

**SEALECT**  
BRAND



### SEALECT

In 1982, Thai Union established the SEALECT brand to introduce Thailand to canned tuna produced at a global standard. SEALECT has established itself as the leading tuna brand in Thailand, while also exporting to some surrounding countries. SEALECT continues to diversify its line of products, all of which represent quality and value for money. SEALECT's mission is to help consumers get the most out of seafood through new varieties, nutritional information, and recipes.

**FISHO**



### FISHO

Created in 1996, FISHO was Thai Union's first snack brand for the Thai market, created from a perfect blend of premium-quality fish and richly-flavored seasonings. FISHO, with a mission to provide healthy snack foods in a wide variety, is available in strips, sheets, and sticks. It's popular among teens and young adults, who can enjoy its taste while knowing they're snacking guilt-free.

**KING OSCAR**  
SINCE 1982



### KING OSCAR CHINA

In 2016, Thai Union introduced its premium brand King Oscar to China. The brand was launched in the frozen category, giving Chinese consumers an opportunity to enjoy the world's finest seafood. To maintain the highest quality, the brand fully controls the production process, from sourcing the seafood to final packaging and assuring food safety. Meticulous processing ensures that every bite offers the freshest experience and is full of various nutrients. Through all major online and offline retailers, King Oscar Frozen currently markets its range of shrimp, salmon, tuna, whitefish and other value-added products in the major cities in China.

## ASIA-PACIFIC (CONTINUED)



### KING OSCAR

King Oscar is a high-end Norwegian sardine, mackerel and cod liver brand. It was launched in Thailand in 2016 and has become a brand of choice among food connoisseurs who use it as an ingredient in their favorite dishes and also on its own.



### QFRESH

Qfresh offers “Fresh Quality” through a wide selection of culinary selections that are ready-to-cook and ready-to-eat, including Chinese-style dim sum. Qfresh products are sustainably sourced and then stored to preserve their nutritional content and savory flavors. Qfresh consumers enjoy seafood that is affordable, convenient, and nutritious. Qfresh focuses on production and storage innovation, as well as modern delivery methods, to ensure it delivers to the highest standards of freshness, original flavor, and safety.



### MONORI

Thai Union Group's Monori sea-snack products are one of the company's first seafood snacks. They're fun, flavorful, and nutritious—made from the finest seafood ingredients, and cooked until perfectly crunchy. Monori snacks are a healthier alternative to many other snacks. Like all of Thai Union's businesses, Monori is committed to selectively sourcing its ingredients for the highest quality and the best taste.

## ASIA-PACIFIC (CONTINUED)



### BELLOTTA AND MARVO

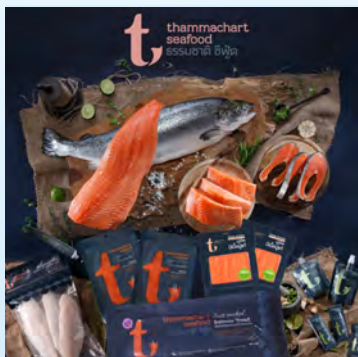
Bellotta and Marvo pet food brands offer a wide range of formats and flavors, with quality ingredients selected from Thai Union's own supply. The brands' appetizing meals are meticulously prepared and provide full nutritional benefits for beloved furry family members.

## STRATEGIC PARTNERSHIP



### RED LOBSTER

Red Lobster, the world's largest seafood restaurant company, has grown to become an iconic casual dining brand since its first location opened in Florida in 1968. Red Lobster has more than 700 locations in the USA, Canada, and around the world. In 2016, Thai Union made a strategic investment in Red Lobster after supplying the brand for more than twenty years.



### THAMMACHART SEAFOOD

Thammachart Seafood delivers only the freshest and the best seafood to its customers, working closely with suppliers to ensure our seafood is traceable back to the source. The company supplies fresh and frozen products as well as managing more than 162 seafood counters in Thailand. Its sales have grown each year since 2008. In 2018, Thai Union entered a strategic partnership with Thammachart Seafood by acquiring shares in the company. The partnership expands Thai Union's business portfolio into seafood counter service and F&B concepts totalling 13 outlets, which include The Dock Seafood Bar, The Lobster Lab, Seafood Mahanakorn and Ocean Bar.





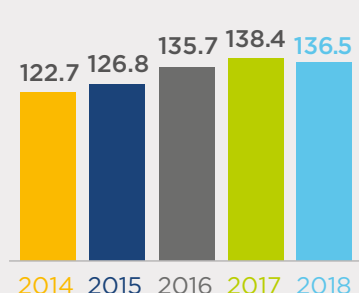
# FINANCE HIGHLIGHTS

FINANCIAL DATA	YEAR		
	2018	2017	2016
Net Sales	133.3	134.9	134.4
Total Revenues	136.5	138.4	135.7
Gross Profit	18.9	19.3	19.9
EBITDA	9.5	11.6	11.3
Total Assets	141.9	146.1	142.2
Total Liabilities	95.4	98.0	94.9
Shareholders' Equity	46.5	48.1	47.3
Net Cash from Operating Activities	12.9	6.8	7.8
Net Debt (Interest-bearing debt net of cash and cash equivalents)	62.9	66.4	64.9
Annual Dividend	1.9	3.1	3.0
PER SHARE DATA (BAHT)	YEAR		
	2018	2017	2016
Basic Earnings per Share	0.68	1.25	1.10
Diluted Earnings per Share	0.68	1.25	1.10
Dividend per Share	0.40	0.66	0.63
Par Value	0.25	0.25	0.25
Book Value per average share attributable to owner of the parent	9.06	9.28	9.03

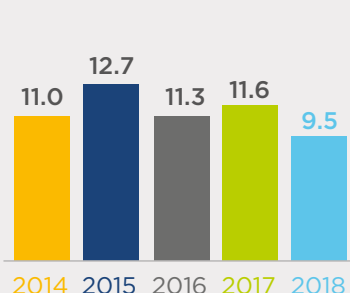
Unit: Billion Baht



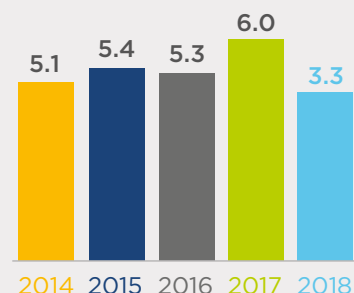
## 5-YEAR COMPARATIVE FINANCIAL STATISTICS



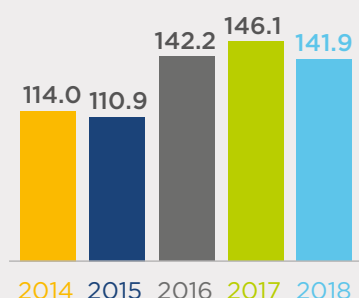
**Total Revenues**  
(Billion Baht)



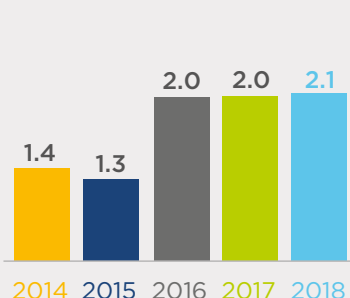
**EBITDA**  
(Billion Baht)



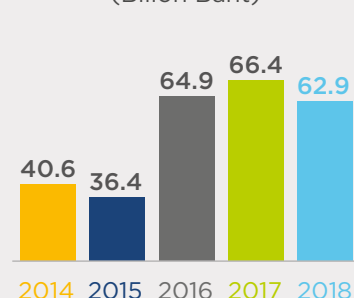
**Net Profit attributable to owner of the parent**  
(Billion Baht)



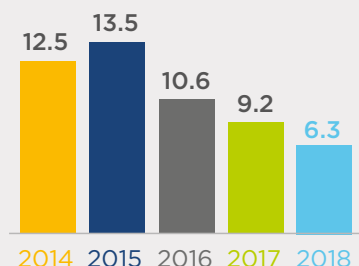
**Total Assets**  
(Billion Baht)



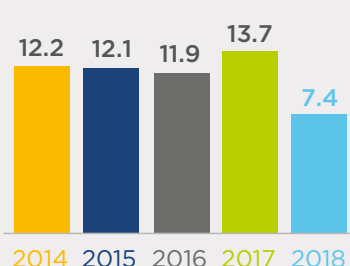
**Total Liabilities to Equity**  
(Billion Baht)



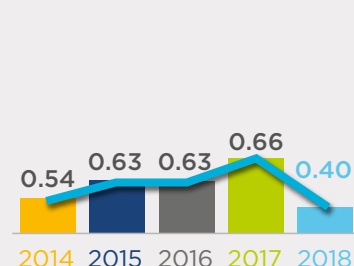
**Net Interest-bearing Debt (net of cash and equivalents)**  
(Billion Baht)



**Return on Capital Employed**  
(%)



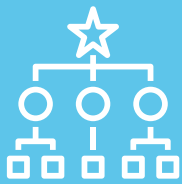
**Return on Average Equity**  
(%)



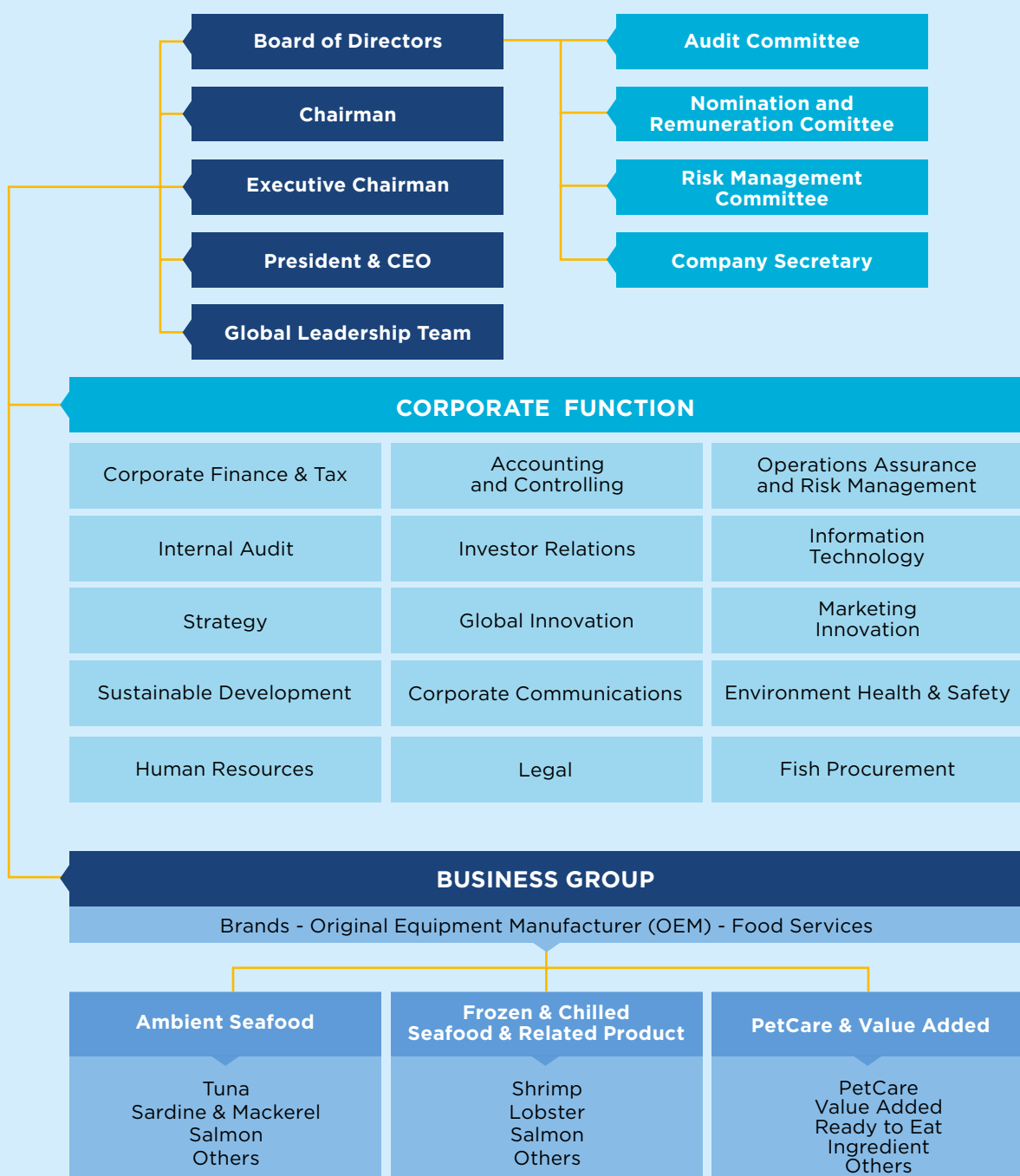
**Dividend per Share**  
(Baht)\*

\* Adjusted dividend per share is calculated based on total diluted number of shares of 4,771,815,496. The company changed par value from THB 1 per share to THB 0.25 per share in December 2014.

■ Dividend per Share  
— Adjusted Dividend per Share



# ORGANIZATION CHART









# CORPORATE HISTORY AND DEVELOPMENT



Thai Union Group was originally founded in 1977 under Thai Union Manufacturing Company Limited, as a processor and exporter of canned tuna. In 1988, Thai Union Group (Public) Company Limited, originally known as Thai Union Frozen Products, was founded. The business was primarily concerned with frozen seafood production and exports, as a private company limited, with an initial registered capital of THB 25 million. In 1992, Mitsubishi Corporation and Hagoromo Foods Corporation became business

partners in Japan. Mitsubishi Corporation, a leading food distributor in Japan, and Hagoromo Foods Corporation, a major seafood producer, played a significant role in developing Thai Union's products to meet international standards and become competitive in markets around the world. Thai Union went public with a listing on the Stock Exchange of Thailand on 22 November 1994 as Thai Union Frozen Products PCL. (TUF).

## GLOBAL EXPANSION MILESTONES

### 1997

First overseas investment with the acquisition of Chicken of the Sea, which had the third highest market share of canned tuna brands in the U.S.



### 2003

Acquired Empress International Ltd., a frozen seafood importer and distributor in the U.S.

### 2006

Established Tri-Union Frozen Products, Inc. (Chicken of the Sea Frozen Foods) to market frozen seafood in the U.S. Chicken of the Sea Frozen Foods was later merged with Empress International.

### 2006

Acquired a majority stake in PT Jui Fa International Food, a canned tuna producer and exporter based in Indonesia.

### 2008

Acquired a majority stake in Yueh Chyang Canned Food, a canned seafood producer and exporter based in Vietnam.

### 2009

Invested in Avanti Feeds Limited, a shrimp feed and frozen shrimp producer based in India.

### 2010

Expanded into Europe with the acquisition of MW Brands

SAS (now Thai Union Europe), producer and distributor of shelf-stable tuna and other seafood with leading European brands such as John West, Petit Navire, Parmentier and Mareblu.



### 2010

Founded US Pet Nutrition, LLC to produce and market pet care in the U.S.

### 2014

Further expansion into Europe with the acquisition of MerAlliance SAS, Europe's number four smoked salmon producer and number one in France.

### 2014

Acquired King Oscar AS of Norway, the number one premium shelf-stable sardine brand in Norway, the U.S. and Australia and with over 140 years of heritage.



### 2015

Completed acquisition of Orion Seafood International, the U.S.-based leading global supplier of lobsters, by Chicken of the Sea Frozen Foods.

### 2015

Entered into joint venture with Savola Foods Company, one of the largest consumer goods producers in the Middle East.

### 2016

Completed acquisition of majority stake in Rügen Fisch, the leading seafood company in Germany.



### 2016

Entered into joint venture to acquire 40 percent equity stake of Avanti Feeds Limited's wholly owned shrimp processing unit Avanti Frozen Foods Private Limited India.

### 2016

Acquired majority stake in Canadian lobster processor Les Pecheries de Chez Nous (Chez Nous).

### 2016

Made a USD 575 million strategic investment in Red Lobster Seafood Co., the world's largest seafood restaurant company.



### 2017

Fully established Thai Union China, with offices in Shanghai and Beijing.

### 2017

Bought out the minority investors in Pakfood in Thailand as well as in YCC in Vietnam, with both now fully-owned Thai Union Subsidiaries\*.

Remark: \*99.7% in Pakfood, 100% in YCC

## SUSTAINABILITY EFFORTS

2018 was another year of achievement for Thai Union and our commitment to sustainability, which remains essential to our future of our business and our growth. We were incredibly proud to have been rated number one in the world in the food products industry in the 2018 Dow Jones Sustainability Index (DJSI). SeaChange® successfully drove the score with an industry best-in-class 100th percentile ranking for total sustainability score.

Other key initiatives and activities:

- Achieved substantial, positive progress on our agreement with Greenpeace for more sustainable, socially-responsible seafood through the implementation of measures to tackle illegal fishing and overfishing, and improve the livelihoods of hundreds of thousands of workers in our supply chains.
- Joined the Global Ghost Gear Initiative to in a drive to reduce the growing problem of abandoned, lost and discarded fishing gear (ALDFG) worldwide.
- Dr. Darian McBain, Thai Union's Group Director of Corporate Affairs and Sustainability, addressed world leaders on combating modern slavery at the 2018 United Nations General Assembly.
- Thai Union Group, Chicken of the Sea® and Monterey Bay Aquarium launched SeaChange® IGNITE, a collaboration to advance new sustainability improvements throughout the supply chain, with a focus on improvements in Southeast Asia and other key seafood producing regions.
- Introduced and implemented the Fishing Vessel Improvement Program and Vessel Code of Conduct.
- Thai Union and the International Transport Workers' Federation (ITF) co-hosted health and training workshops for hundreds of vessel owners, captains and crew in Thailand, providing basic medical training techniques.
- Released our first annual Tuna Commitment Progress Report, providing a public update on our ambitious strategy to ensure 100 percent of the company's branded tuna is sustainably sourced. We have a target of achieving a minimum 75 percent by 2020.
- Released our first annual Safe and Legal Labor Progress Report, as part of Thai Union's commitment to providing safe, legal and freely-chosen employment in our facilities and supply chains.
- Announced support for the Bali Process Acknowledge, Act and Advance (AAA) Recommendations to address modern slavery and human trafficking. Thai Union also called upon governments to strengthen, implement and enforce policies and legislation to encourage ethical recruitment practices, improve transparency across supply chains, and provide support and redress mechanisms for victims.
- Global Director of Corporate Affairs and Sustainability Dr. Darian McBain was named Sustainability Leader of the Year at the prestigious edie Sustainability Leader Awards 2018. Dr. McBain's role in establishing and implementing our sustainability strategy, SeaChange®, helped catapult her into top spot.





## 2018 – A YEAR OF EXPANSION AND CONSOLIDATION

For Thai Union, 2018 was a year of continued expansion, while also maintaining a focus on our existing operations to ensure not only greater efficiencies but also that they opened up new opportunities for the business.

- We entered into an agreement to acquire a **25.1 percent stake in Thammachart Seafood Retail Co., Ltd. (TSR)** for approximately THB 37 million. TSR provides professional management services to Thai retailers for their seafood counters, handling fresh and frozen product at 158 locations in Thailand.
- We acquired a **45 percent stake in TUMD Luxembourg S.a.r.l (TUMD)**. TUMD wholly owns three Russian companies: Dalpromryba Limited Liability Company; Torgovo-Promyshlenny Kompleks “Dalpromryba” Limited Liability Company; and Maguro Limited Liability Company. These companies are collectively known as the DPR Group (DPR), a retail focused fish and seafood business which is Russia’s number one canned tuna producer.
- We increased our shareholding in **Thai Union Feedmill Co., Ltd., a Thai Union Group subsidiary, buying 28.46 percent** of newly issued ordinary shares to bring our total holding to 66.9 percent of total paid-up shares.
- We acquired the remaining **10 percent** of EHS Training and Services Co., Ltd., (previously T-Holding Co., Ltd.), a Thai Union Group subsidiary, in which we previously held a 90 percent stake.
- Building on our Ingredients business, we successfully **launched our tuna oil refinery in Rostock, Germany**. With this plant, Thai Union has become the only refiner of high-grade tuna oil with complete end-to-end supply chain and production management. Our Ingredients business unit will commercialize an exciting new B2B line of high-value ingredients identified.
- We introduced **Thammachart Seafood’s premium seafood store, The Lobster Lab**. The store is located in the Alibaba’s retail chain Hema in Shanghai, China. This take-out and sit-down restaurant concept serving live lobsters from North America is meeting the growing Chinese consumer’s demand for tasty and nutritious seafood.
- We increased our shareholding in **Thai Union Feedmill Co., Ltd. (TFM)**, a Thai Union Group subsidiary, from 51 percent to 63.05 percent in a first step and then to 66.90 percent in a second step after registered capital increase performed by TFM
- In August, we took over from its subsidiary Thai Union Feedmill Co. Ltd., its 51 percent stake in TMAC, a joint venture with Mitsubishi
- Thai Union subsidiary Européenne de la Mer’s announced its intention to **divest the loss-making chilled salmon business in Scotland, The Edinburgh Salmon Company Ltd (“ESCo”)**. However, after no feasible alternative solution to closure was found during the collective consultation period, ESCo ended operations on 31 December, 2018.
- We officially opened the co-located office for Chicken of the Sea International and Chicken of the Sea Frozen Foods in Los Angeles. The new Thai Union office is the regional hub for our North American operations.





# BOARD OF DIRECTORS



## MR. KRAISORN CHANSIRI

**POSITION: CHAIRMAN**

**APPOINTED: 17 MARCH 1988**

**NUMBER OF YEARS IN POSITION: 31 YEARS**

**POSITIONS IN OTHER LISTED COMPANIES:**

None

**POSITIONS IN OTHER ORGANIZATIONS:**

- 1973 – Present: Chairman, Thai Union Manufacturing Co., Ltd.
- 1977 – Present: Chairman, Thai Sea Food Co., Ltd.
- 2000 – Present: Chairman, Merchant Partners Securities PCL.
- 2011 – Present: Chairman, Merchant Partners Asset Management Co., Ltd.
- 1972 – Present: Executive Director, Thai Union Trading Co., Ltd.
- 1981 – Present: Executive Director, Songkla Canning PCL.
- 1984 – Present: Executive Director, Penven (Thailand) Co., Ltd.
- 1988 – Present: Executive Director, Thai Union Properties Co., Ltd.
- 1990 – Present: Executive Director, Bangkai Condotown Co., Ltd.
- 1995 – Present: Executive Director, Thai Union Graphic Co., Ltd.
- 2004 – Present: Executive Director, Thai Hua Hong Development Co., Ltd.
- 2006 – Present: Executive Director, Chansiri Printing and Dyeing Co., Ltd.
- 2017 – Present: Executive Director, Thai Union Property Development Co., Ltd.
- 1988 – Present: Director, Chansiri Real Estate Co., Ltd.
- 1993 – Present: Director, Waithai Co., Ltd.
- 1996 – Present: Director, Thai Union North America (USA)
- 1996 – Present: Director, Thai Union Seafood Co., Ltd.
- 1997 – Present: Director, Tri-Union Seafoods, LLC. (USA)
- 2014 – Present: Director, Thai Union High-Tech Pearl Cultivation Co., Ltd.

**POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:**

None

**PROFESSIONAL DEVELOPMENT:**

- The Role of Chairman Program, Thai Institute of Directors Association (RCP 15/2007)
- Certificate, Capital Market Academy Leader Program 12 (March – July 2011)

**NATIONALITY:** Thai

**AGE:** 84 years

(born on 13 May 1935)

**EDUCATION:**

- Honorary Doctorate Degree of Philosophy in Business Administration, Mae Fah Luang University, Thailand
- Honorary Science Degree of Doctor of Philosophy in Food Science and Technology, Thai Chamber of Commerce University, Thailand

**SHAREHOLDINGS:**

231,134,720 shares\*, equivalent to 4.84% of paid-up capital

- Personal: 174,804,288 shares
- Spouse: 56,330,432 shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



## MR. CHENG NIRUTTINANON

**POSITION: CHAIRMAN OF EXECUTIVE DIRECTOR**

**APPOINTED: 8 APRIL 1999**

**NUMBER OF YEARS IN POSITION: 20 YEARS**

**POSITIONS IN OTHER LISTED COMPANIES:**

None

**POSITIONS IN OTHER ORGANIZATIONS:**

- 1987 – Present: Chairman, Asian-Pacific Can Co., Ltd.
- 1987 – Present: Chairman, TC Union Agrotech Co., Ltd.
- 1989 – Present: Chairman, Asian Pacific Thai Tuna Co., Ltd.
- 1990 – Present: Chairman, Lucky Union Foods Co., Ltd.
- 1992 – Present: Chairman, Jana Industry Co., Ltd.
- 1973 – Present: Executive Director and Managing Director, Thai Union Manufacturing Co., Ltd.
- 2010 – Present: Executive Director, Oriental Unique Co., Ltd.
- 2011 – Present: Executive Director, Thai Glycerine Co., Ltd.
- 2013 – Present: Executive Director, Phil-Union Frozen Foods, Inc. (Philippines)
- 2016 – Present: Executive Director, Thai Union China Co., Ltd. (China)
- 1993 – Present: Director, Waithai Co., Ltd.
- 1996 – Present: Director, Thai Union North America (USA)
- 1997 – Present: Director, New Century Printing and Package Co., Ltd.
- 1997 – Present: Director, Tri-Union Seafoods, LLC. (USA)
- 2000 – Present: Director, Thai Union Feedmill Co., Ltd.
- 2007 – Present: Director, Yueh Chyang Canned Food Co., Ltd. (Vietnam)
- 2008 – Present: Director, Thaipatana Stainless Steel Co., Ltd.
- 2010 – Present: Director, Thai Union Europe (France)
- 2010 – Present: Director, U.S. Pet Nutrition LLC. (USA)
- 2010 – Present: Director, Tri-Union Frozen Products, Inc. (USA)
- 2014 – Present: Director, King Oscar AS (Norway)
- 2001 – Present: Managing Partner, Hunhong Kanchang Registered Ordinary Partnership

**POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:**

None

**PROFESSIONAL DEVELOPMENT:**

None

**NATIONALITY:** Thai

**AGE:** 77 years

(born on 3 March 1942)

**EDUCATION:**

- The Second Middle School of Shantou, People's Republic of China

**SHAREHOLDINGS:**

265,754,916 shares\*, equivalent to 5.55% of paid-up capital

- Personal: 200,442,084 shares
- Spouse: 65,312,832 shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



## MR. CHUAN TANGCHANSIRI

### POSITION: EXECUTIVE DIRECTOR

**APPOINTED: 17 MARCH 1988**

**NUMBER OF YEARS IN POSITION: 31 YEARS**

#### POSITIONS IN OTHER LISTED COMPANIES:

None

#### POSITIONS IN OTHER ORGANIZATIONS:

- 1981 – Present: Executive Director, Songkla Canning PCL.
- 1973 – Present: Executive Director, Thai Union Manufacturing Co., Ltd.
- 1977 – Present: Executive Director, Thai Sea Food Co., Ltd.
- 1987 – Present: Executive Director, Asian-Pacific Can Co., Ltd.
- 1989 – Present: Executive Director, Asian Pacific Thai Tuna Co., Ltd.
- 1988 – Present: Director, Chansiri Real Estate Co., Ltd.
- 1988 – Present: Director, Thai Union Properties Co., Ltd.
- 1993 – Present: Director, Waithai Co., Ltd.
- 1995 – Present: Director, Thai Union Graphic Co., Ltd.
- 1996 – Present: Director, Thai Union Seafood Co., Ltd.
- 1999 – Present: Director, Asia-Pacific Risk Consultants (Thailand) Co., Ltd.
- 2004 – Present: Director, Asia-Pacific Insurance Brokers Co., Ltd.
- 2008 – Present: Director, Thaipatana Stainless Steel Co., Ltd.
- 2010 – Present: Director, Thai Union Investment Holding (Mauritius)
- 2017 – Present: Director, Okeanos Food Co., Ltd.
- 2001 – Present: Managing Partner, Hunhong Kanchang Registered Ordinary Partnership

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### PROFESSIONAL DEVELOPMENT:

- Directors Accreditation Program, Thai Institute of Directors Association (DAP 86/2010)

#### NATIONALITY: Thai

**AGE:** 74 years

(born on 9 September 1945)

#### EDUCATION:

- Bachelor's degree, South China Normal University, People's Republic of China

#### SHAREHOLDINGS:

38,668,000 shares\*, equivalent to 0.81% of paid-up capital

- Personal: 38,668,000 shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



**NATIONALITY:** Thai  
**AGE:** 54 years  
(born on 22 July 1965)

#### EDUCATION:

- Master of Business Administration (Management), University of San Francisco, USA
- Bachelor's Degree (Marketing), Assumption University, Thailand

#### SHAREHOLDINGS:

505,065,212 shares\*, equivalent to 10.58 % of paid-up capital

- Personal: 395,736,164 shares
- Spouse: 109,329,048 shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.

## MR. THIRAPHONG CHANSIRI

### POSITION: PRESIDENT AND CEO

**APPOINTED:** 1 JANUARY 1990

**NUMBER OF YEARS IN POSITION:** 29 YEARS

#### POSITIONS IN OTHER LISTED COMPANIES:

- **2014 – Present:** Director, Minor International PCL.

#### POSITIONS IN OTHER ORGANIZATIONS:

- 1996 – Present: Chairman, Thai Union Seafood Co., Ltd.
- 1995 – Present: President, Thai Union Graphic Co., Ltd.
- 1996 – Present: President, Thai Union North America (USA)
- 2010 – Present: President, Thai Union Investment Holding (Mauritius)
- 2010 – Present: President, Thai Union Europe (France)
- 1999 – Present: Executive Director, Songkla Canning PCL.
- 2012 – Present: Executive Director, Pakfood PCL.
- 1989 – Present: Executive Director, Thai Union Manufacturing Co., Ltd.
- 2012 – Present: Executive Director, Okeanos Food Co., Ltd.
- 2016 – Present: Executive Director, Thai Union Online Shop Co., Ltd.
- 2016 – Present: Executive Director, Thai Union China Co., Ltd. (China)
- 2016 – Present: Executive Director, Pracharat Raksamakkee Samutsakorn (Social Enterprise) Co., Ltd.
- 2017 – Present: Executive Director, Thoon Thanasiri Co., Ltd.
- 2017 – Present: Executive Director, Thai Union Asia Investment Holding Co., Ltd. (Hong Kong)
- 2018 – Present: Executive Director, Thoon Thanasiri (Songkhla) Co., Ltd.
- 2018 – Present: Executive Director, EHS Training and Services Co., Ltd.
- 1984 – Present: Director, Penven (Thailand) Co., Ltd.
- 1988 – Present: Director, Chansiri Real Estate Co., Ltd.
- 1988 – Present: Director, Thai Union Properties Co., Ltd.
- 1993 – Present: Director, Asian-Pacific Can Co., Ltd.
- 1993 – Present: Director, Lucky Union Foods Co., Ltd.
- 1993 – Present: Director, Waithai Co., Ltd.
- 1997 – Present: Director, Tri-Union Seafoods, LLC. (USA)
- 2000 – Present: Director, Thai Union Feedmill Co., Ltd.
- 2000 – Present: Director, Biz Dimension Co., Ltd.
- 2009 – Present: Director, TN Fine Chemicals Co., Ltd.
- 2010 – Present: Director, Tri-Union Frozen Products, Inc. (USA)
- 2010 – Present: Director, U.S. Pet Nutrition LLC. (USA)
- 2012 – Present: Director, Chaowpraya Cold Storage Co., Ltd.
- 2010 – Present: Director, Thaksin Samut Co., Ltd.
- 2014 – Present: Director, Thai Union High-Tech Pearl Cultivation Co., Ltd.
- 2016 – Present: Director, Red Lobster Master Holdings LP. (USA)
- 2017 – Present: Director, Thai Union Property Development Co., Ltd.

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### PROFESSIONAL DEVELOPMENT:

- Director Certification Program, Thai Institute of Directors Association (DCP 10/2001)





## MR. RITTIRONG BOONMECHOTE

### POSITION: PRESIDENT - GLOBAL FROZEN AND RELATED UNITS

**APPOINTED: 5 JANUARY 1998**

**NUMBER OF YEARS IN POSITION: 21 YEARS**

#### POSITIONS IN OTHER LISTED COMPANIES:

None

#### POSITIONS IN OTHER ORGANIZATIONS:

- 2000 – Present: Chairman of Executive Director, Thai Union Feedmill Co., Ltd.
- 1996 – Present: President, Thai Union Seafood Co., Ltd.
- 2012 – Present: President, TMAC Co., Ltd. (Including 4 Companies)
- 2012 – Present: President, Pakfood PCL.
- 2012 – Present: President, Okeanos Food Co., Ltd.
- 2012 – Present: President, Chaowpraya Cold Storage Co., Ltd.
- 2012 – Present: President, Thaksin Samut Co., Ltd.
- 2017 – Present: Executive Director, RBC Asset Co., Ltd.
- 1997 – Present: Director, Tri-Union Frozen Products, Inc. (USA)
- 2016 – Present: Director, Thai Union Online Shop Co., Ltd.
- 2016 – Present: Director, Red Lobster Master Holdings LP. (USA)

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### PROFESSIONAL DEVELOPMENT:

- TLCA Executive Development Program, Thai Institute of Directors Association (EDP 2/2009)
- Director Accreditation Program, Thai Institute of Directors Association (DAP 84/2010)
- Leader Program no.25/2017, Capital Market Academy
- Advanced Master of Management Program (AMM) No.1, Graduate School of Public Administration (GSPA)

#### NATIONALITY: Thai

**AGE:** 57 years

(born on 26 February 1962)

#### EDUCATION:

- Bachelor's Degree, Bangkok University, Thailand

#### SHAREHOLDINGS:

63,442,980 shares\*, equivalent to 1.33% of paid-up capital

- Personal: 63,442,980 shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



## MR. KIYOTAKA KIKUCHI

### POSITION: DIRECTOR

**APPOINTED:** 7 NOVEMBER 2016

**NUMBER OF YEARS IN POSITION:** 2 YEARS

**POSITIONS IN OTHER LISTED COMPANIES:**

None

**POSITIONS IN OTHER ORGANIZATIONS:**

- 2007 – Present: Chief Operating Officer – Fresh Food Product Division, Mitsubishi Corporation

**POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:**

None

**PROFESSIONAL DEVELOPMENT:**

None

**NATIONALITY:** Japanese

**AGE:** 52 years  
(born on 19 November 1966)

**EDUCATION:**

- Bachelor's Degree (Economics), Waseda University, Japan

**SHAREHOLDINGS:**

-none- shares\*, equivalent to - of paid-up capital

- Personal: -none- shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



## MR. RAVINDER SINGH GREWAL SARBJIT S

### POSITION: DIRECTOR

**APPOINTED:** 15 NOVEMBER 2010

**NUMBER OF YEARS IN POSITION:** 8 YEARS

#### POSITIONS IN OTHER LISTED COMPANIES:

None

#### POSITIONS IN OTHER ORGANIZATIONS:

- 2010 – Present: Director, Thai Union Europe (France)
- 2014 – Present: Director, Alpha Energy Holdings Ltd. (Singapore)
- 2014 – Present: Director, Scomi Energy Services Bhd. (Malaysia)
- 2014 – Present: Director, JK E&P Group Pte. Ltd. (Singapore)
- 2014 – Present: Director, Conquest Energy Pte. Ltd. (Singapore)

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

**NATIONALITY:** Malaysian

**AGE:** 50 years  
(born on 15 September 1969)

#### EDUCATION:

- Bachelor's Degree (Commerce),  
University of New South Wales,  
Australia

#### SHAREHOLDINGS:

-none- shares\*, equivalent to - of  
paid-up capital

- Personal: -none- shares
- Spouse: -none- shares
- Children not yet of legal age:  
-none- shares

#### WORK EXPERIENCE

- 2011 – 2014: Director, Wellard Group Holdings Pty. Ltd. (Australia)
- 2010 – 2011: Alt Director, Straits Metal Ltd. (Australia)
- 2010 – 2013: Alt Director, Otto Marine Ltd. (Singapore)
- 2007 – 2013: Director, Scomi Oilfield Ltd. (Bermuda)
- 2007 – 2013: Director, Shangri-La Hotels (Malaysia) Bhd. (Malaysia)
- 2007 – 2007: Alt Director, Scomi Oilfields Ltd. (BVI)
- 2005 – 2011: Director, Sei Woo Technologies Ltd. (Singapore)

#### PROFESSIONAL DEVELOPMENT:

- Certified Public Accounts, Australian Society

\* Number of shares held and  
shareholding proportion as  
of 28 December 2018 of the  
total of 4,771,815,496 shares.



## MR. SHUE CHUNG CHAN

### POSITION: EXECUTIVE DIRECTOR

**APPOINTED: 30 APRIL 2001**

**NUMBER OF YEARS IN POSITION: 18 YEARS**

**POSITIONS IN OTHER LISTED COMPANIES:**

None

**POSITIONS IN OTHER ORGANIZATIONS:**

- 2002 – Present: Executive Director, Thai Union Feedmill Co., Ltd.
- 2014 – Present: Executive Director, Thai Union Graphic Co., Ltd.
- 2015 – Present: Director, Thai Union Seafood Co., Ltd.
- 2017 – Present: Director, Thoon Thanasiri Co., Ltd.
- 2018 – Present: Director, Thoon Thanasiri (Songkhla) Co., Ltd.

**POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:**

None

**PROFESSIONAL DEVELOPMENT:**

- Director Certification Program, Thai Institute of Directors Association (DCP 10/2002)
- TLCA Executive Development Program, Thai Institute of Directors Association (EDP 1/2009)

**NATIONALITY:** Chinese

**AGE:** 43 years  
(born on 29 October 1975)

**EDUCATION:**

- Master of Business Administration, Bangkok University, Thailand
- Bachelor's Degree, Oregon State University, USA

**SHAREHOLDINGS:**

12,295,272 shares\*, equivalent to 0.26% of paid-up capital

- Personal: 12,295,272 shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



**NATIONALITY:** Thai  
**AGE:** 84 years  
 (born on 21 February 1935)

**EDUCATION:**

- Bachelor's Degree (Accounting, Commerce and Law), Thammasat University, Thailand

**SHAREHOLDINGS:**

-none- shares\*, equivalent to - of paid-up capital

- Personal: -none- shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.

## MR. SAKDI KIEWKARNKHA

### POSITION: INDEPENDENT DIRECTOR

**APPOINTED: 22 AUGUST 2000**

**NUMBER OF YEARS IN POSITION: 18 YEARS**

#### POSITIONS IN OTHER LISTED COMPANIES:

- 2016 – Present: Advisor to the Board of Director & Audit Committee, Dusit Thani PCL.

#### POSITIONS IN OTHER ORGANIZATIONS:

- 1985 – Present: Vice President, The Princess Mother's Medical Volunteer Foundation

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### WORK EXPERIENCE:

- 1958 – 1973: Banking Ombudsman, Bank of Thailand
- 1973 – 1996: Executive Vice President, Siam Commercial Bank PCL.
- 1998 – 2001: Executive Director and Advisor to Executive Board, Bangkok Metropolitan Bank PCL.
- 1998 – 2000: Executive Director, Bangkok Metropolitan Life Insurance Co., Ltd.
- 2000 – 2003: Chairman of Audit Committee, Book Club Finance PCL.
- 2000 – 2016: Independent Director & Audit Committee Member, Dusit Thani PCL.

#### PROFESSIONAL DEVELOPMENT:

- Certified Public Accountants No. 0156 from 1962
- Attorney of Law No.2913401 from 1986
- The Role of Chairman Program, Thai Institute of Directors Association (RCP 4/2001)
- Directors Certification Program, Thai Institute of Directors Association (DCP 13/2001)
- Director Certification Program Refresher Course, Thai Institute of Directors Association (RE DCP 2/2006)
- Handling Conflicts of Interest: What the Board should do?, Thai Institute of Directors Association (4/2008)
- The Role of Compensation Committee, Thai Institute of Directors Association (RCC 9/2009)
- Executive Program, Stanford University & University of Singapore
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- How to Develop a Risk Management Plan, Thai Institute of Directors Association (HRP 2/2012)
- Audit World – Conference 25-26 June 2012 Resort World Convention Centre, Singapore
- Audit World – Post Conference 27 June 2012 Resort World Convention Centre, Singapore



- COSO - ERM Evaluation 12 - 13 October 2013, Federation of Accounting Professions
- The Updated COSO's 2013 Integrated Internal Control 4 December 2013, Stock Exchange of Thailand
- Audit Committee Financial Expert 22 May 2014, Federation of Accounting Professions
- Corporate Governance in the Perspective of Investors - CG Forum 4 June 2014, Stock Exchange of Thailand
- Management for CEO's and Senior Executive, Thai Institute of Directors Association
- Director Certification Program Update, Thai Institute of Directors Association (DCPU 1/2014)
- Advanced Audit Committee Program, Thai Institute of Directors Association (AACP 20/2015)
- Thailand IFRS Conference 2016, Federation of Accounting Professions
- Driving Company Success with IT Governance (ITG) IT for Non-IT Director, Thai Institute of Directors Association
- National Director Conference 2016: Enhancing Growth Through Governance in Family Controlled Business, Thai Institute of Directors Association
- Audit Committee Forum "New Auditor's Report: What's in it for you?", Thai Institute of Directors Association
- Cash flow statement preparation, Department of Business Development, Thailand's Ministry of Commerce
- A discussion on corporation's preparedness for the cybersecurity threats in the digital transformation Era, Thai Institute of Directors Association
- National Director Conference 2017 "Steering Governance in a Changing World", Thai Institute of Directors Association
- The Audit Committee's Role in Compliance and Ethical Culture Oversight, Thai Institute of Directors Association
- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance, Stock Exchange of Thailand
- Dealing with Cyber Risk in the Boardroom, Thai Institute of Directors Association



**NATIONALITY:** Thai  
**AGE:** 62 years  
 (born on 4 May 1957)

#### EDUCATION:

- Ph.D. International Management, Walden University, USA
- Master of Business Administration (Management), University of Sarasota, USA
- Bachelor of Business Administration (Accountancy & Management), Eckerd College-St. Petersburg, USA

#### SHAREHOLDINGS:

-none- shares\*, equivalent to - of paid-up capital

- Personal: -none- shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.

## DR. THAMNOON ANANTHOTHAI

### POSITION: INDEPENDENT DIRECTOR

**APPOINTED:** 22 MARCH 2010

**NUMBER OF YEARS IN POSITION:** 9 YEARS

#### POSITIONS IN OTHER LISTED COMPANIES:

- 2007 – Present: Vice Chairman and Chairman of Audit Committee, IFS Capital (Thailand) PCL.
- 2007 – Present: Vice Chairman and Chairman of Audit Committee, Better World Green PCL.
- 2016 – Present: Independent Director and Audit Committee, After You PCL.

#### POSITIONS IN OTHER ORGANIZATIONS:

- 2004 – Present: Executive Director, Merchant Partners Securities PCL.
- 2013 – Present: Executive Director, Merchant Partners Co., Ltd.
- 2014 – Present: Executive Director, Merchant Partners Asset Management Ltd.
- 2015 – Present: Director, The Princess Mother's Medical Volunteer Foundation

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### WORK EXPERIENCE:

- 1990 – 1995: Thailand Representative of Nomura Office (Securities Company from Japan)
- 1994 – 1997: Deputy CEO (Securities), Srimitr Securities PCL.
- 1997 – 2002: Associate Judge, Central Intellectual Property and International Trade Court
- 1988 – 2002: President and CEO, DBS Vickers Securities (Thailand) Co., Ltd.
- 2005 – 2015: Audit Committee/Chairman of Nomination and Remuneration Committee, Property Perfect PCL.
- 2006 – 2014: Chairman of Audit Committee, Eastern Printing PCL.
- 2007 – 2014: Chairman of the Board, Vintage Engineering PCL.
- 2008 – 2014: Director and Audit Committee, Bangkok University
- 2012 – 2013: Independent Director, Pakfood PCL.

#### PROFESSIONAL DEVELOPMENT:

- Audit Committee Program, Thai Institute of Directors Association (ACP 10/2004)
- Directors Accreditation Program, Thai Institute of Directors Association (DAP 48/2005)
- Directors Certification Program, Thai Institute of Directors Association (DCP 70/2006)
- The Role of Chairman Program, Thai Institute of Directors Association (RCP 14/2006)
- Corporate Governance for Capital Market Intermediaries, Thai Institute of Association (12/2016)
- Understanding the Fundamental of Financial Statement, Thai Institute of Directors Association (UFS 7/2007)
- A.C.A Certificate, American Accreditation Council for Accountancy USA



## MR. KIRATI ASSAKUL

### POSITION: INDEPENDENT DIRECTOR

**APPOINTED: 22 MARCH 2010**

**NUMBER OF YEARS IN POSITION: 9 YEARS**

#### POSITIONS IN OTHER LISTED COMPANIES:

- 1993 - 2016: Chairman of the Board, Ocean Glass PCL. (Including 2 Companies)
- 2016 - Present: Director, Ocean Glass PCL. (Including 2 Companies)

#### POSITIONS IN OTHER ORGANIZATIONS:

- 1984 - Present: Chairman, Ocean Life Insurance Co., Ltd.
- 1988 - Present: Director, Service Leasing Co., Ltd.
- 1992 - Present: Director, Ocean Holding Co., Ltd.
- 1994 - Present: Director, Kirati Home Co., Ltd.
- 1996 - Present: Director, Ocean Group (Thailand) Co., Ltd.
- 1998 - Present: Director, Kris & Sumali Co., Ltd.
- 2002 - Present: Director, Great Field Co., Ltd.
- 2010 - Present: Director, Siam Estate Co., Ltd.
- 2013 - Present: Director, Ocean Property Co., Ltd.
- 2013 - Present: Director, Ocean Marina Co., Ltd.

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### PROFESSIONAL DEVELOPMENT:

- Director Certification Program, Thai Institute of Directors Association (DCP 27/2003)
- The Role of Compensation Committee, Thai Institute of Directors Association (RCC 5/2007)

**NATIONALITY:** Thai

**AGE:** 61 years  
(born on 20 June 1958)

#### EDUCATION:

- Master's Degree (Chemical Engineering), University of Southern California, USA
- Bachelor's Degree (Chemical Engineering), Queen's University, Canada

#### SHAREHOLDINGS:

103,248 shares\*, equivalent to 0.00 of paid-up capital

- Personal: -none- shares
- Spouse: 103,248 shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.



**NATIONALITY:** Thai

**AGE:** 60 years  
(born on 25 May 1959)

#### EDUCATION:

- Master of Science in Business Administration, University of Southern California, USA
- Master of Business Administration, University of Southern California, USA
- Bachelor's Degree in Engineering (Computer), Chulalongkorn University

#### SHAREHOLDINGS:

-none- shares\*, equivalent to - of paid-up capital

- Personal: -none- shares
- Spouse: -none- shares
- Children not yet of legal age: -none- shares

\* Number of shares held and shareholding proportion as of 28 December 2018 of the total of 4,771,815,496 shares.

## MR. NART LIUCHAREON

### POSITION: INDEPENDENT DIRECTOR

**APPOINTED:** 3 APRIL 2015

**NUMBER OF YEARS IN POSITION:** 4 YEARS

#### POSITIONS IN OTHER LISTED COMPANIES:

None

#### POSITIONS IN OTHER ORGANIZATIONS:

- 1992 – Present: Executive Director and CEO, CDG Group (Including 9 Companies)
- 2000 – Present: Executive Director and CEO, G-ABLE Group (Including 8 Companies)

#### POSITIONS IN OTHER ORGANIZATIONS THAT HAVE CONFLICTS TO THE COMPANY:

None

#### WORK EXPERIENCE

- 1985 – 1998: Marketing Director, Control Data (Thailand) Ltd.

#### PROFESSIONAL DEVELOPMENT:

- Leader Program no.12/2010, Capital Market Academy
- Director Accreditation Program, Thai Institute of Directors Association (DAP 120/2015)
- Audit Committee Forum “New Auditor’s Report: What’s in it for you?”, Thai Institute of Directors Association
- Advanced Audit Committee Program, Thai Institute of Directors Association (AACP 25/2017)



# AUDIT COMMITTEE AND SUB-COMMITTEE

## AUDIT COMMITTEE

Audit Committee consists of independent directors as follows:



**MR. SAKDI KIEWKARNKHA**  
Chairman of Audit Committee



**DR. THAMNOON ANANTHOTHAI**  
Audit Committee



**MR. NART LIUCHAREON**  
Audit Committee

## SUB-COMMITTEE

### NOMINATION AND REMUNERATION SUB-COMMITTEE

**Dr. Thamnoon Ananthothai** ..... Chairman of Nomination and Remuneration Sub-Committee  
**Mr. Sakdi Kiewkarnkha** ..... Member of Nomination and Remuneration Sub-Committee

### RISK MANAGEMENT SUB-COMMITTEE

**Mr. Kirati Assakul** ..... Chairman of Risk Management Sub-Committee  
**Mr. Sakdi Kiewkarnkha** ..... Member of Risk Management Sub-Committee  
**Dr. Thamnoon Ananthothai** ..... Member of Risk Management Sub-Committee  
**Mr. Thiraphong Chansiri** ..... Member of Risk Management Sub-Committee  
**Mr. Joerg Ayrl** ..... Member of Risk Management Sub-Committee  
**Mr. Shue Chung Chan** ..... Member of Risk Management Sub-Committee  
**Dr. Darian McBain** ..... Member of Risk Management Sub-Committee  
**Ms. Whitney Foard Small** ..... Member of Risk Management Sub-Committee  
**Mr. Patrick Bertalanffy** ..... Member of Risk Management Sub-Committee





# GLOBAL LEADERSHIP TEAM



**Mr. Cheng  
Niruttinanon**

Executive Chairman



**Mr. Thiraphong  
Chansiri**

President and CEO



**Mr. Rittirong  
Boonmechote**

President, Global Frozen  
and Related Units



**Mr. Joerg  
Ayrlé**

Group CFO



**Mr. Shue Chung  
Chan**

Group Director,  
Human Resources



**Mr. Paul  
Reenan**

Regional President,  
Thai Union Europe



**Mr. Valentin  
Ramirez**

President and CEO,  
Thai Union U.S. Ambient Operation



**Mr. Bryan  
Rosenberg**

President and CEO,  
Thai Union U.S. Frozen Operation



**Dr. Tunyawat  
Kasemsuwan**

Group Director,  
Global Innovation



**Dr. Darian  
McBain**

Group Director,  
Corporate Affairs and Sustainability



**Mr. Patrick  
Bertalanffy**

Group Director,  
Strategy



# MANAGEMENT TEAM



**Mr. Scott  
Solar**

Group Director, Food Services



**Mr. Leonardus  
Coolen**

Managing Director,  
Thai Union Ingredients



**Ms. Supathra  
Kuratana**

Group Director,  
Global Commercial Innovation



**Mr. Comgrit  
Sorchom**

Group Director,  
Environmental Health and Safety



**Mr. Yongyut  
Setthawiwat**

General Manager,  
Group Corporate Finance and Tax



**Mr. Ludovic  
Garnier**

Head of Group Accounting  
and Controlling



**Mr. David  
Sankowicz**

Head of Group Legal



**Mr. Kevin  
Bixler**

Director,  
Group Fish Procurement



**Mr. Pichitchai  
Wongpiya**

President,  
Global PetCare Business Unit







# AWARDS AND RECOGNITIONS

## EXECUTIVES:

1. **Multiple awards in Asia's Best Managed Companies Poll 2018 by FinanceAsia:**
  - Top 3 Best Managed Company in Thailand
  - Top 3 Best CEO in Thailand, Mr. Thiraphong Chansiri
  - Top 3 Best CFO in Thailand, Mr. Joerg Ayrlé
2. **No.1 ranking among ASEAN corporations in Consumer/Staples sector in 2018 All-Asia (ex-Japan) Executive Team rankings by Institutional Investor:**
  - Best CFO, Mr. Joerg Ayrlé\*
3. **Sustainability Leader of the Year at the edie Sustainability Leader Awards 2018:**
  - Dr. Darian McBain

## CORPORATE:

1. **Best Public Company (SET) of the Year 2018 in Agro and Food Industry by Money & Banking Magazine**

*Money & Banking Awards* ranked the Top 300 Public Companies listed on the Stock Exchange of Thailand based on market capitalization. The Best Public Company of the Year (SET) was evaluated in its industry based on the size of the firm, operational performance, return to shareholders, and investment free-float.
2. **Multiple awards in Asia's Best Managed Companies Poll 2018 by FinanceAsia:**
  - No. 1 Most Committed to Corporate Governance in Thailand
  - Top 3 Best at Investor Relations in Thailand





**3. Multiple awards in Asiamoney Asia's Outstanding Companies Poll 2018 by ASIAMONEY Magazine**

- Overall Most Outstanding Company in Thailand
- Most Outstanding Company in Thailand - Consumer Staples Sector

This recognition is underpinned by significant and actionable feedback from over 800 investors, which resulted in over 2,382 votes for publicly listed companies across 12 Asian markets.

**4. No. 1 Best Analyst Days in Thailand in 2018 All-Asia (ex-Japan) Executive Team rankings by Institutional Investor**

The Investor Relations team's efforts have been well-recognized among leading consumer staple companies in South East Asia.

**5. Shortlisted as a finalist for multiple awards in IR Magazine Awards - South East Asia 2018 by IR Magazine:**

- Most Progress in Investor Relations
- Best in Sector, Consumer Staples
- Best in Country: Thailand
- Best Investor Event

**6. Top 5 finalist in the Strategy category in the 2018 Drive Award by the MBA Chula Alumni Association**

The MBA Chula Alumni Association recognizes the outstanding performance of individuals, businesses, and organizations with strong, creative efforts in driving the Thai economy through efficiency, effectiveness and sustainability.

## SUSTAINABILITY:

**1. Rated No. 1 Company in the World in the Food Products Industry by the 2018 Dow Jones Sustainability Index (DJSI)**

In economic, environmental and social terms, Thai Union was rated number one out of all the companies producing food listed in the DJSI. Further, Thai Union was the only seafood company – and only food company – to reach that height for 2018. Thai Union's sustainability strategy, SeaChange®, successfully drove the score with industry best-in-class 100<sup>th</sup> percentile rankings for Codes of Business Conduct, Materiality, Health and Nutrition, Human Rights, Supply Chain Management, Risk and Crisis Management, Packaging, Water-Related Risks, Genetically-Modified Organisms, and Talent Attraction and Retention. It was the fifth consecutive year Thai Union was named to the DJSI.

**2. No.1 among ASEAN corporations in Consumer/ Staples sector in the 2018 All-Asia (ex-Japan) Executive Team Rankings by Institutional Investor:**

- Best ESG/SRI Metrics\*

**3. No. 1 Best at Corporate Social Responsibility in Thailand in Asia's Best Managed Companies Poll 2018 by FinanceAsia**

The 18<sup>th</sup> annual Asia's Best Managed Companies survey by FinanceAsia polled 140 portfolio managers and buy-side analysts around the world.



**4. Highly Commended for the Stop Slavery Award by the Thomson Reuters Foundation**

Thai Union was highly commended for its work on ethical recruitment and migrants' rights by the Thomson Reuters Foundation, the philanthropic arm of the world's largest news and information provider, and judges for the Stop Slavery Award during the annual human rights forum Trust Conference. Thai Union was one of six companies shortlisted worldwide.

**5. Inclusion in the FTSE4Good Emerging Index for the third consecutive year**

The FTSE4Good Emerging Index, which is an extension of the FTSE4Good Index Series, helps investors integrate environmental, social and governance (ESG) factors into their investment decisions and serves as a framework for corporate engagement and stewardship. The indices are used as a basis for tracker funds, structured products and as a performance benchmark. The FTSE4Good Emerging Index was launched in December 2016 and covers more than 20 emerging nations.

**6. Marine Stewardship Council's (MSC) 2018 UK Canned Brand of the Year Award: John West**

Thai Union's John West brand was named winner of the Marine Stewardship Council's (MSC) 2018 UK Canned Brand of the Year Award for the second consecutive year. The annual MSC awards celebrate those safeguarding seafood supplies for current and future generations.



**7. Business Leader of the Year Award by Ethical Corporation's 8<sup>th</sup> Annual Responsible Business Awards**

The Ethical Corporation recognized Thai Union Global Director for Corporate Affairs and Sustainability, Dr. Darian McBain's outstanding achievements by awarding her the coveted Business Leader of the Year Award.

Thai Union was also shortlisted in three other key categories for its initiatives and activities during the past year, in line with the company's SeaChange® sustainability strategy, including:

- Sustainability Report of the Year
- Human Rights (digital traceability pilot project)
- Supply Chain Management (in partnership with WWF-UK)

**8. Best Sustainable Supply Chain Category by the Global Good Awards UK 2018: Thai Union and WWF**

A panel of expert judges presented Thai Union and WWF-UK with the award in recognition of the pivotal work the two organizations have achieved through their European partnership.

**9. Green Apple Awards Gold for Environmental Best Practice: Thai Union and WWF**

The International Green Apple Awards for Environmental Best Practice 2018 awarded Thai Union and WWF the Gold Winner for Partnerships Sustainability. Since 1994, the Green Apple Environment Awards by The Green Organisation have been hosted annually to recognize and promote best environmental practices around the world.

**10. Sustainability Report Award (Outstanding) by CSR Club Thailand**

Thai Union received the Outstanding Sustainability Report Award at the CSR Thailand Conference 2018, organised by CSR Club, the Thai Listed Companies Association, the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Thaipat Institute. The objective of the event is to enhance sustainability reports of Thai listed companies in terms of Environment, Social and Governance (ESG) content quality and alignment with the UN's Sustainable Development Goals (SDGs).

**11. Gold Standard Award Winner for Best Sustainability Report by PublicAffairsAsia**

The Gold Standard Award for Reporting and Accountability was awarded to Thai Union's 2017 Sustainability Report, which details the company's performance against key indicators and targets in its SeaChange® sustainability strategy and demonstrates how its approach is helping transform the way the seafood industry operates worldwide. The Gold Standard Awards were launched by PublicAffairsAsia in 2008, showcasing excellence in corporate public affairs, strategic communications, citizenship and stakeholder engagement.



**INNOVATION:**

**1. Seafood Excellence Award in the Best New Foodservice Product category at the Seafood Expo North America in Boston: Yellowfin Tuna Slices**

Thai Union's Yellowfin Tuna Slices received the 2018 Seafood Excellence Award in the Best New Foodservice Product category at the Seafood Expo North America in Boston. A panel of seafood experts determined the winner based on the uniqueness and appropriateness to the market, taste profile, packaging, market potential, convenience, nutritional value and originality.

**2. Finalist in the Seafood Excellence Global Awards at Seafood Expo Global in Brussels: Yellowfin Tuna Slices**

The Seafood Excellence Global Awards competition is designed to recognize the best seafood products represented at Seafood Expo Global/Seafood Processing Global each year. Seafood experts judge each entrant on the eating experience, innovation, health and nutrition and market potential.

\*Remark: Institutional Investor's ranking only included nominated companies from ASEAN within the Consumer/Staples sector.





# QUALITY AND FOOD SAFETY

## THAI UNION QUALITY POLICY

Our actions to ensure food quality and safety are guided by the company's quality policy:

**Thai Union is dedicated to manufacturing high-quality processed seafood that is safe, hygienic and achieves excellent customer satisfaction. We continuously work to advance our products in these areas.**

Our assurance is that our products comply with that policy and also meet all external regulatory requirements on safety and quality.

## QUALITY MANAGEMENT SYSTEM: FOOD SAFETY AND HYGIENE

Our Quality Management System is the platform that we use globally to ensure consistent **food safety**, compliance with quality standards and to create value for consumers. Our internal Quality Management System is audited and verified by independent certification bodies to prove conformity to internal standards, ISO norms, laws and regulatory requirements. The Quality Management System begins with the control of processes for externally provided products. We work with our suppliers to help them improve the quality of their products. The system reflects key global food safety demands and addresses quality, environmental and social issues.

Thai Union's appreciation of the demands of consumers regarding quality and safety means we work with suppliers to help them create a product that can be delivered to market with little or no alteration.

To ensure the safety and quality of products through every stage of the supply chain, Thai Union regularly

sends its representatives to conduct on-site audits, scrutinizing production line practices and standards. Our oversight of supplier standards involves the delivery of regular reports, as well as audits upon request or at specified times throughout the term of the contract. These risk management and auditing tools greatly increase the likelihood of suppliers meeting Thai Union's standards and initiatives on food safety.

The company operates its own food testing laboratory with ISO/IEC 17025 accreditation from the Thai Ministry of Public Health's Department of Medical Sciences. The laboratory was recognized in 2010 as the most outstanding laboratory by the Ministry of Agriculture and Cooperatives' National Bureau of Agricultural Commodity and Food Standards.

We continuously strive for excellence in food safety, environmental protection, and energy management system which are reflected in numerous national and international accreditations including: ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, OHSAS 18001: Occupational Health and Safety Management System, and certified Best Aquaculture Practices (BAP) for the whole shrimp supply chain, HACCP, GMP, BRC, Kosher and Halal. Our products include information for consumers to ensure that they are consumed safely and meet the highest level of quality.

## THAI UNION'S FOOD QUALITY & SAFETY ACCREDITATIONS

- Accredited with ISO 9001 on Quality Management System by the JAS-ANZ.
- Accredited with ISO 14001 on Environmental Management System by the United Kingdom Accreditation Service (UKAS).
- Accredited with OHSAS 18001, TIS 18001: Occupational Health and Safety Management System.
- Accredited with ISO/IEC 17025 by the Bureau of Laboratory Quality Standards, Department of Medical Sciences, Ministry of Public Health and by the National Bureau of Agricultural Commodity and Food Standards (ACFS), and the Ministry of Agriculture and Cooperatives, Thailand.
- Accredited with BRC Global Standard for Food Safety by the JAS-ANZ.





## OUR COMMITMENT TO CONSUMERS

**PRODUCT QUALITY AND SAFETY FOR OUR CONSUMERS IS THAI UNION'S TOP PRIORITY, FORMING THE FOUNDATION OF ALL WE DO.**

- MSC Chain of custody (Marine Stewardship Council.)
- Accredited with Kosher Certificate by the Union of Orthodox Jewish Congregations of America covering tuna and sardine plants.
- Accredited by the U.S. Food and Drug Administration (FDA), a U.S. agency in charge of inspecting the quality of imported food and medicines.
- Accredited by the Canadian Food Inspection Agency (CFIA), a Canadian agency in charge of monitoring quality of imported food and medicines.
- Accredited with Hazard Analysis Critical Control Points (HACCP) by the Department of Fisheries and the Ministry of Agriculture and Cooperatives, Thailand and with HACCP USFDA. The Hazard Analysis Critical Control Points system is a quality assurance system on food safety. It can effectively prevent hazards including biological, chemical and physical contamination by placing emphasis on the monitoring of manufacturing procedures, especially the points or stages that are critical control points (CCP), with consumer safety as the key objective.
- Accredited with Good Manufacturing Practices (GMP) for food manufacturing operations by the Department of Fisheries, Department of Livestock Development and the Ministry of Agriculture and Cooperatives, Thailand, and by the Office of Public Health of Samut Sakhon Province.
- Accredited with Halal standard by the Central Islamic Committee of Thailand.
- Accredited with Best Aquaculture Practices (BAP) by the Aquaculture Certification Council, Inc. (ACC) for our standard practices pertaining to shrimp culture and processing, covering shrimp hatcheries, shrimp farms and shrimp processing factories. Our emphasis on social and environmental responsibility as well as attention to the safety of food products and product traceability is particularly notable.
- Accredited with Q Mark Certificate by the Department of Fisheries, and the Ministry of Agriculture and Cooperatives, Thailand.







## OUR CORE PRODUCT CATEGORIES

*We offer consumers and customers the best quality products packed with flavor and nutrients. Our core product categories consist of ambient seafood; frozen and chilled seafood and related business; and pet food, value-added and other business. In addition to manufacturing and marketing these products under our own brands, we also produce for our clients under their own trademarks (private labels).*

### AMBIENT SEAFOOD

The ambient seafood category is mainly composed of shelf-stable items that are primarily sold to consumers through retail channels and occasionally wholesalers. The key seafood species include tuna, sardine, salmon, mackerel and herring. The business dynamics and margin trends of these items share some similarities. There is a higher brand awareness from consumers towards these types of items. Consumer brands in this category generally command price premium over their private label peers thanks to consumer preference or brand

loyalty. The degree of the price premium will depend on the market position of the brand, the competitive nature of the product category, uniqueness of the brand's offerings and consumers' emotional attachment towards the brand.

In 2018, sales of this category amounted to THB 62.3 billion, representing 46 percent of the Group's total sales and were led by the tuna products, which remain the largest product category for Thai Union Group. About 55 percent of these sales came from our own brands, while private label or contract manufacturing sales accounted for the balance. Key customers in this category are supermarket chains, discount stores, club stores, convenient and drug stores, and other modern trade outlets. The most typical packaging is a can format. Most products are of ready-to-eat type.

### FROZEN AND CHILLED SEAFOOD AND RELATED BUSINESS

The chilled and frozen seafood and related business category is mainly composed of seafood items that are normally sold directly to restaurants, hotels, and food catering units as ingredients for further processing (cooking) at kitchens when they are prepared into dishes for final consumption. However, these items are also sold through retail channels to consumers. The products generally need to be refrigerated all the time to maintain their shelf-life. Since aqua feed (for shrimp and fish) is part of the supply chain of the shrimp business, it is also included in this category as a related business.

In 2018, sales of this category amounted to THB 52.8 billion, representing 40 percent of the Group's total. Shrimp is the most important species in this category, followed by salmon and lobster. Sales from our own brands (including industrial or non-consumer brands) accounted for about 35 percent of this category with the balance from private label orders. Most products are not immediately ready for consumption by final consumers. The typical shelf life of these items is much shorter than that of ambient seafood, ranging from a few days to a year.

### PETCARE, VALUED-ADDED AND OTHER BUSINESS

The PetCare, value-added and other business category is a mix of many different items that include PetCare, seafood, non-seafood as well as sub-materials and sales of scrap. Examples of





these items are surimi-based fish snack, canned cod liver, wet seafood-based cat foods, dog food, microwave oven ready meals, Chinese-styled dim sum, packaged cooking sauce, scrap from fish and shrimp processing lines (to be further processed for fish meal and fish oil), bakery products (namely, pies, soft cake and butter bread), empty cans for ambient seafood, printing service for can labels and other purposes, etc. Due to the great diversity of this category, there is no common pattern demonstrated among these items in terms of sourcing, distribution and consumption.

To meet a growing demand for natural, seafood-derived byproducts that are beneficial to human nutrition (e.g. marine omega-3 fatty acids), we continued to invest in our global business unit focusing on Marine Ingredients, which was set up in 2017.

In late 2018, we successfully launched the Thai Union Marine Nutrients tuna oil refinery in Rostock, Germany. With this plant, Thai Union has become the only refiner of high-grade tuna oil with complete end-to-end supply chain and production management.

Thai Union Ingredients will commercialize an exciting new B2B line of high-value ingredients identified by

Thai Union's cutting edge Global Innovation Center. We will control the entire production chain, working with high-quality byproducts, such as fish skin and fish bone, from our own seafood production facilities. The valuable nutrients derived from these byproducts will be used by manufacturers of nutrient-dense consumer goods such as infant formula, cosmetics, dietary supplements and clinical nutrition.

Our Thai Union Ingredients venture maximizes byproducts utilization in our processing facilities and is a key contributor to Thai Union's growth strategy.

In 2018, sales of this category amounted to THB 18.2 billion, representing 14 percent of the Group's total. PetCare contributed to the largest share. Sales from our own brands only accounted for about 8 percent of this category. In other words, almost all of the products are produced for our clients' own trademarks or distributed through their own channels. Despite a lack of any common pattern or characteristics between these items, they generally command higher margins due to the multiple production processes involved, customized features, and high product standards. There is no fixed format of packaging due to the variety of this category.





TUTUS  
**MONORI**



**KING OSCAR**  
BY SPECIAL ROYAL PERMISSION



**Bellotta**  
เบลลอตต้า



**Qfresh**  
Selection



**FISHO**



**Chicken of the Sea**



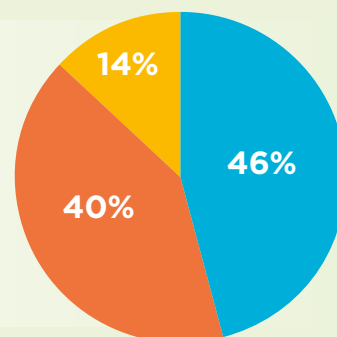




# 2018 SALES BREAKDOWN AND DISTRIBUTION

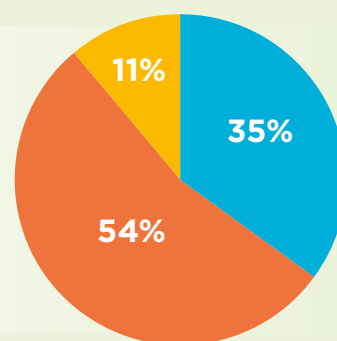
## SALES BREAKDOWN BY CATEGORY

Ambient Seafood.....	46%
Frozen, Chilled Seafood and Related Business.....	40%
PetCare, Value Added and Other Business.....	14%
<b>TOTAL.....</b>	<b>100%</b>



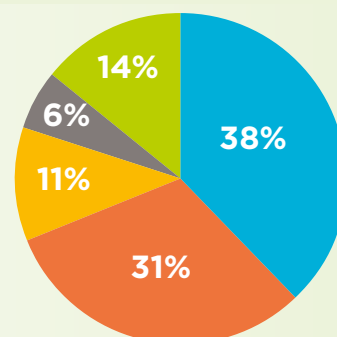
## SALES BY CHANNEL

Branded.....	35%
Private Label.....	54%
Food Services.....	11%
<b>TOTAL.....</b>	<b>100%</b>



## SALES DISTRIBUTIONS BY MARKET

USA.....	38%
Europe.....	31%
Thailand.....	11%
Japan.....	6%
Others.....	14%
<b>TOTAL.....</b>	<b>100%</b>





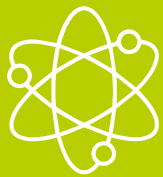
# SALE STRUCTURE OF TU AND SUBSIDIARIES

Unit: Billion Baht

COMPANIES			2018		2017		2016	
			SALES	%	SALES	%	SALES	%
<b>1. ASIA</b>								
Thai Union Group PCL	TU	-	13.4	10.0	13.0	9.7	12.4	9.2
Thai Union Manufacturing Co., Ltd.	TUM	99.66	19.9	14.9	19.1	14.2	17.0	12.6
Songkla Canning PCL	SC	99.55	5.8	4.4	6.2	4.6	5.9	4.4
Asian-Pacific Can Co., Ltd.	APC	99.54*	0.7	0.5	0.7	0.5	0.6	0.5
Yueh Chyang Canned Food Co., Ltd.	YCC	99.55*	0.2	0.2	0.3	0.2	0.4	0.3
Thai Union Seafood Co., Ltd.	TUS	51.00	3.1	2.3	2.5	1.9	1.4	1.1
Pakfood PCL	PPC	99.74	4.5	3.4	5.8	4.3	6.5	4.8
EHS Training and Services Co., Ltd. (formerly known as "T-Holding Co., Ltd.")	EHS	100.00	0.0	0.0	0.4	0.3	1.1	0.8
Thai Union Feedmill Co., Ltd.	TFM	66.90	4.4	3.3	4.3	3.2	4.1	3.0
Thai Union Graphic Co., Ltd.	TUG	98.00	0.1	0.1	0.2	0.1	0.1	0.1
Seafood International One FZCO	SIC1	60.00	0.5	0.4	0.0	0.0	0.1	0.1
Thai Union Online Shop Co., Ltd.	TUO	100.00	0.0	0.0	0.0	0.0	0.0	0.0
Thai Union China Co., Ltd.	TUC	100.00	0.6	0.4	0.2	0.1	0.0	0.0
<b>TOTAL ASIA</b>			<b>53.2</b>	<b>39.9</b>	<b>52.6</b>	<b>39.0</b>	<b>49.6</b>	<b>36.9</b>
<b>2. EUROPE &amp; AFRICA</b>								
Thai Union Europe SAS	TUE	100.00*	25.5	19.1	25.0	18.5	25.4	18.9
MerAlliance SAS	MA	100.00*	5.3	3.9	5.3	3.9	6.7	5.0
King Oscar AS	KO	100.00*	1.5	1.1	2.0	1.5	2.3	1.7
Thai Union Germany GmbH	TUGe	100.00*	4.6	3.5	5.0	3.7	5.3	4.0
Thai Union Canada Inc.	TUCa	100.00*	0.2	0.2	0.3	0.2	0.0	0.0
<b>TOTAL EUROPE &amp; AFRICA</b>			<b>37.1</b>	<b>27.8</b>	<b>37.6</b>	<b>27.8</b>	<b>39.7</b>	<b>29.6</b>
<b>3. USA</b>								
Tri-Union Seafoods LLC	TRI-U	100.00*	11.7	8.8	13.3	9.9	13.3	9.9
Tri-Union Frozen Products Inc.	TUFP	100.00*	29.9	22.5	30.3	22.4	30.1	22.4
U.S. Pet Nutrition LLC	USPN	100.00*	1.4	1.0	1.2	0.9	1.7	1.2
<b>TOTAL USA</b>			<b>43.0</b>	<b>32.3</b>	<b>44.7</b>	<b>33.2</b>	<b>45.1</b>	<b>33.5</b>
<b>GRAND TOTAL</b>			<b>133.3</b>	<b>100.0</b>	<b>134.9</b>	<b>100.0</b>	<b>134.4</b>	<b>100.0</b>

Remarks: The above data refers to sale structure after exclusion of intercompany transactions.

\* Owned by Subsidiaries of TU



# GROUP BUSINESS STRUCTURE

	Belgium		Italy		Seychelles
	British Virgin Islands		Lithuania		Thailand
	Canada		Luxembourg		United Arab Emirates
	China		Hong Kong		United Kingdom
	France		Russia		United States of America
	Germany		Mauritius		Vietnam
	Ghana		Norway		Cayman Islands
	Netherlands		Poland		Indonesia
	India		Portugal		
	Ireland		Scotland		

Subsidiary

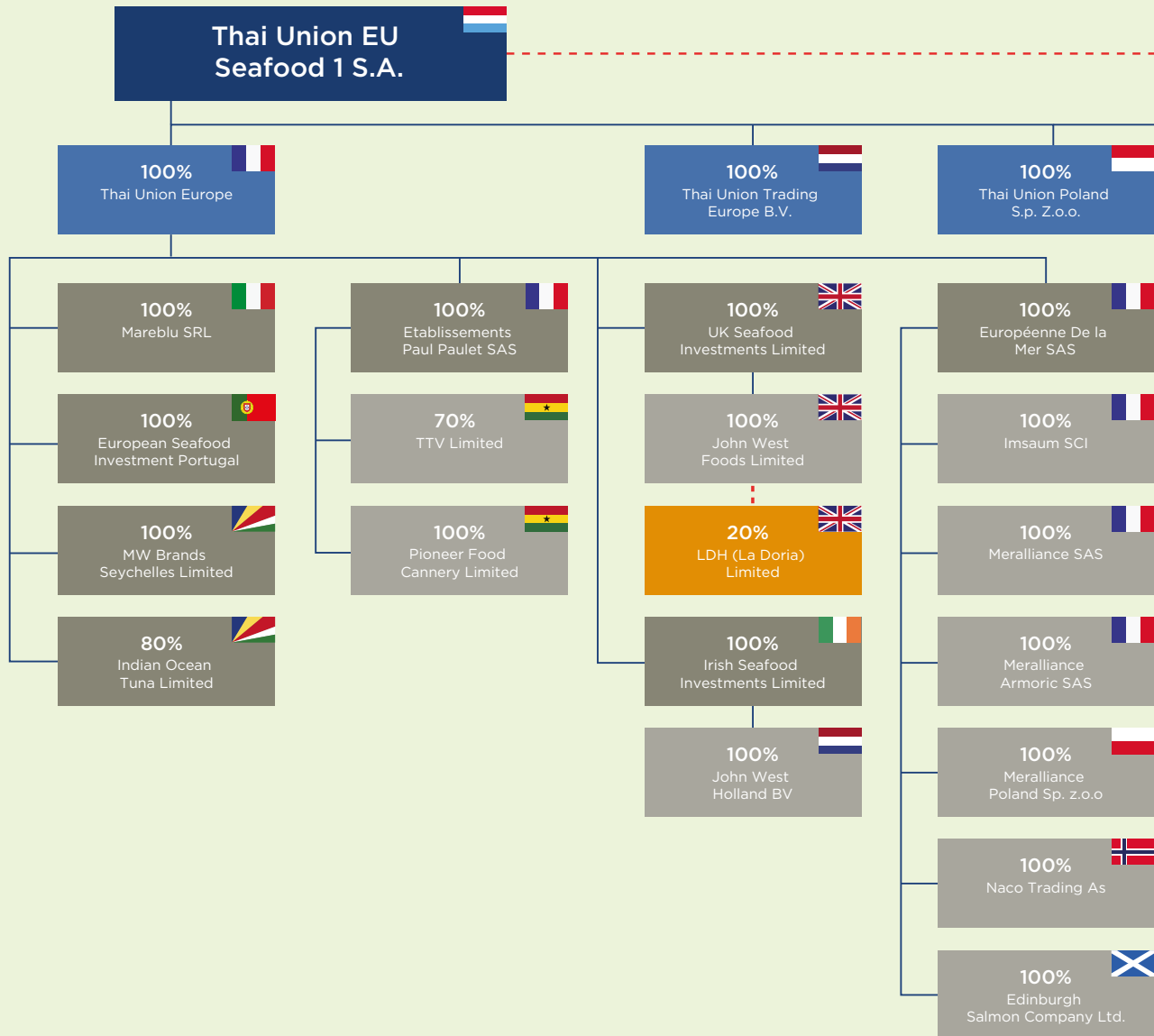
Associated  
Companies

Joint Venture





## THAI UNION EU SEAFOOD 1 GROUP STRUCTURE



	Belgium
	British Virgin Islands
	Canada
	China
	France
	Germany
	Ghana
	Netherlands
	India
	Ireland

	Italy
	Lithuania
	Luxembourg
	Hong Kong
	Russia
	Mauritius
	Norway
	Poland
	Portugal
	Scotland

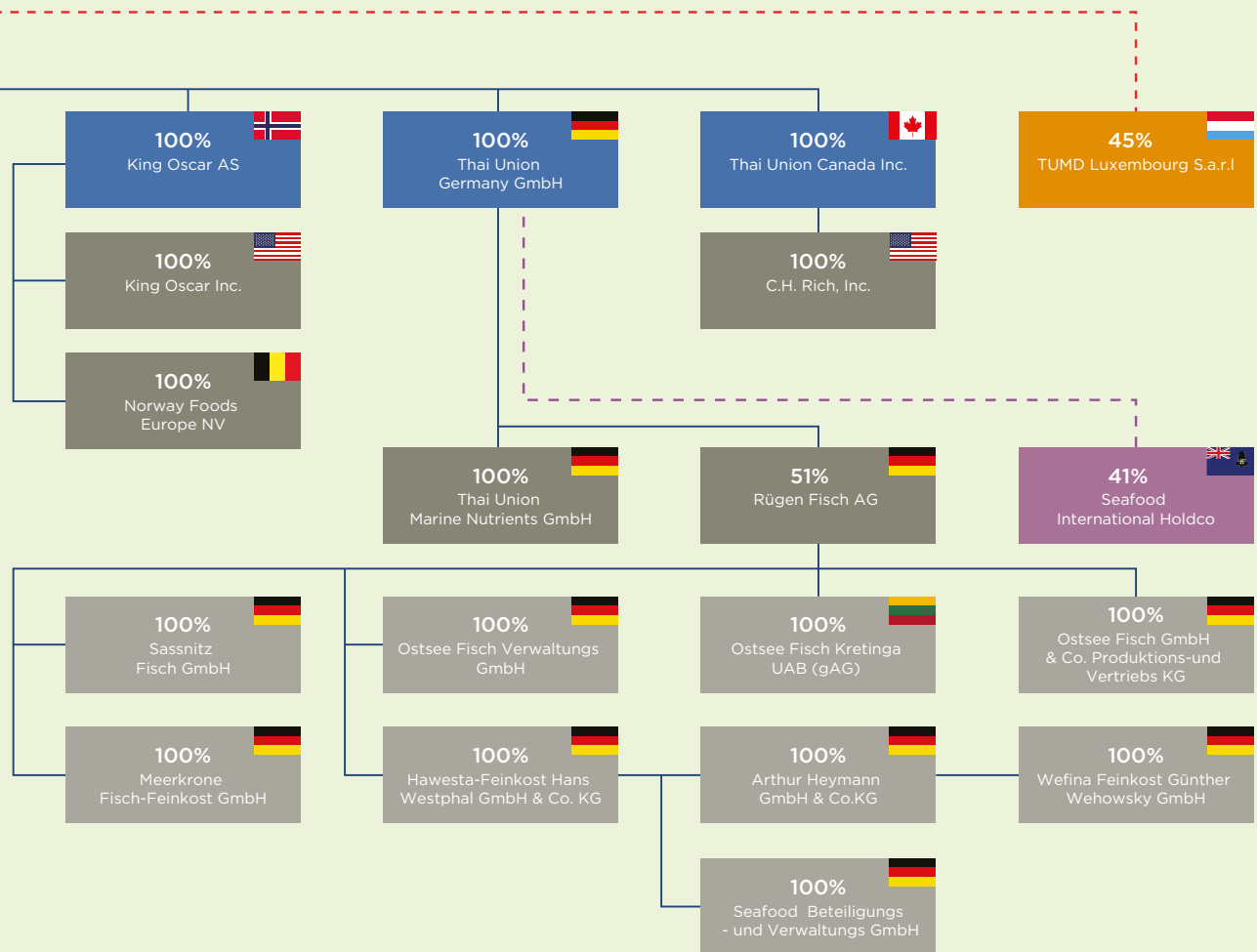
	Seychelles
	Thailand
	United Arab Emirates
	United Kingdom
	United States of America
	Vietnam
	Cayman Islands
	Indonesia

### Subsidiary

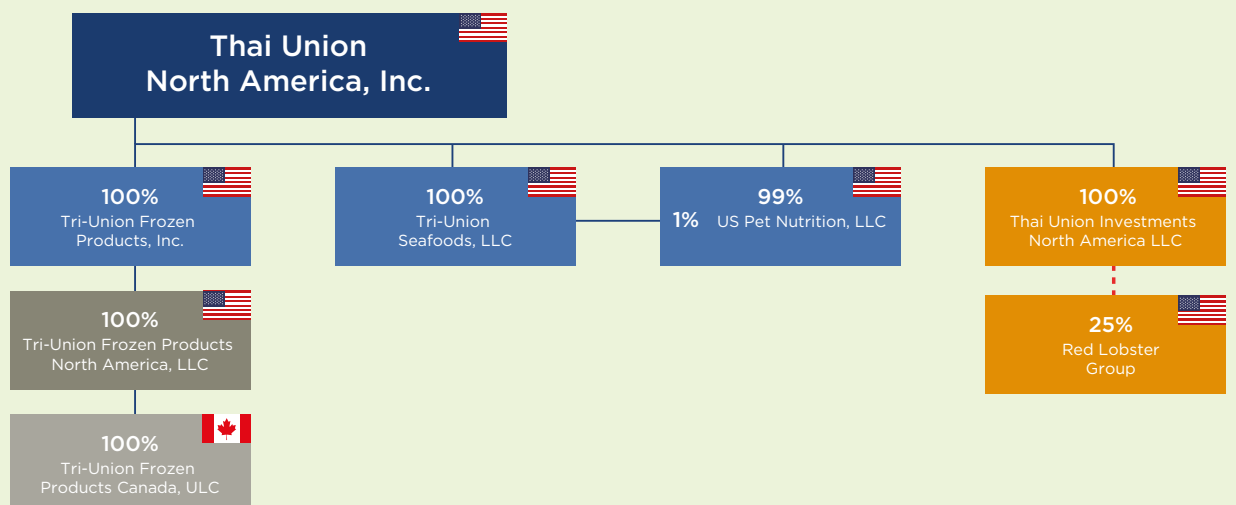
### Associated Companies

### Joint Venture





## THAI UNION NORTH AMERICA GROUP STRUCTURE





## DETAILS OF THE COMPANY, ITS SUBSIDIARIES AND ASSOCIATED COMPANIES, AND JOINT VENTURES

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
1. Thai Union Group Public Company Limited	Manufacture and sales of frozen, chilled and canned seafood	1,492,953,874 THB	1,192,953,874 THB	4,771,815,496		72/1 Moo 7, Sethakit 1 Road, Tarsrai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3481 6500
<b>SUBSIDIARY COMPANIES</b>							
<b>THAILAND</b>							
2. Thai Union Manufacturing Co., Ltd.	Manufacturer & exporter of canned tuna and pet food	300,000,000 THB	300,000,000 THB	30,000,000	99.66% (held by Thai Union Group Public Company Limited)	30/2 Moo 8, Sethakit 1 Road, Tarsrai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3481 6441-4
3. Songkla Canning Plc.	Manufacturer & exporter of canned seafood	360,000,000 THB	360,000,000 THB	36,000,000	99.55% (held by Thai Union Group Public Company Limited)	333 Moo 2, Kanjanavanij Road, Pavong Sub-district, Mueang Songkhla District, Songkhla Province 90100	+66 7433 4005-8

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
4. Thai Union Graphic Co., Ltd.	Printing manufacturer	40,000,000 THB	40,000,000 THB	4,000,000	98% (held by Thai Union Group Public Company Limited)	255 Smaedam Road, Smaedam, Bangkhunthian, Bangkok 10150	+66 2895 5865-6
5. EHS Training and Services Co., Ltd.	Providing training and management services	70,000,000 THB	70,000,000 THB	7,000,000	100% (held by Thai Union Group Public Company Limited)	106/10 Moo 7, Sethakit 1 Road, Tarsrai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3441 9999
6. Thai Union Feedmill Co., Ltd.	Manufacturer & distributor of animal feeds	820,000,000 THB	820,000,000 THB	82,000,000	66.90% (held by Thai Union Group Public Company Limited)	89/1 Moo 2, Rama II Road, Kalong Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3441 7222
7. Pakfood Plc.	Manufacturer & distributor of frozen foods & aquatic animals	329,999,790 THB	329,999,790 THB	32,999,979	99.74% (held by Thai Union Group Public Company Limited)	103 Non Si Road, Chong Non Si, Yannawa, Bangkok 10120	+66 2295 1991-9
8. Thai Union Seafood Co., Ltd.	Manufacturer & exporter of frozen shrimp	300,000,000 THB	300,000,000 THB	30,000,000	51% (held by Thai Union Group Public Company Limited)	77 Moo 5, Songkhla-Ranot Road, Watkanun Sub-district, Singhanakhon District, Songkhla Province 90330	+66 7448 3482-7
9. Thai Union Online Shop Co., Ltd.	E-Commerce	1,000,000 THB	1,000,000 THB	100,000	100% (held by Thai Union Group Public Company Limited)	979/79 26 <sup>th</sup> Floor, S.M. Tower, Phaholyothin Road, Phaya Thai, Bangkok 10400	+66 2298 0024
10. Asian-Pacific Can Co., Ltd.	Manufacturer & distributor of packaging for food products	80,000,000 THB	80,000,000 THB	200	99.54% (held by Songkla Canning Plc.)	38/70 Moo 8, Sethakit 1 Road, Tarsrai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3442 3401-6
11. Okeanos Food Co., Ltd.	Manufacturer & distributor of frozen foods & aquatic animal	380,000,000 THB	380,000,000 THB	3,800,000	100% (held by Pakfood Plc.)	47/29 Moo 4, Khok Kham Sub-district, Mueang District, Samut Sakhon Province 74000	+66 3483 4483

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
<b>ASIA</b>							
12. Seafood International One FZCO	Distributor of food products	27,229 USD	27,229 USD	100	60% (held by Thai Union Group Public Company Limited)	PO Box 263846, Dubai, United Arab Emirates	+971 4 880 8318
13. Thai Union China Co., Ltd.	Distributor of food products	53,605,030 RMB	53,605,030 RMB		100% (held by Thai Union Group Public Company Limited)	Room A1810, No.596 of Mid Longhua Rd, Xuhui District, Shanghai, China	+86 21 3177 9766
14. Thai Union Asia Investment Holding Limited	Holding company	20,000 USD	20,000 USD	20,000	100% (held by Thai Union Group Public Company Limited)	RM 2101, Hong Kong Trade Centre 161-7 Des voeux Road, Central Hong Kong	
15. Yueh Chyang Canned Food Co., Ltd.	Manufacturer & distributor of canned tuna and seafood	27,233,525,395 VND	27,233,525,395 VND		99.55% (held by Songkla Canning Plc.)	Nhut Chanh commune, Ben Luc District, Long An Province, Vietnam	+84 07 2387 2377
16. PT Thai Union Kharisma Lestari	Manufacturer and distributor of animal feeds	39,984,000,000 IDR	39,984,000,000 IDR	3,998,400	65% (held by Thai Union Feedmill Co., Ltd.)	Jl. Margomulyo No.4E, Tandes Kidul, Tandes, Kota SBY, Jawa Timur 60186, Indonesia	+62 03 1749 1000
<b>EUROPE</b>							
17. Thai Union EU Seafood 1 S.A.	Holding company	212,250,690 EUR	212,250,690 EUR	212,250,690	100% (held by Thai Union Group Public Company Limited)	46 Avenue J.F.Kennedy, L-1855 Luxembourg	+35 2 2700 2138
18. Thai Union Europe	Headquarters activity	153,468,098 EUR	153,468,098 EUR	153,468,098	100% (held by Thai Union EU Seafood 1 S.A.)	104 Avenue du Président Kennedy, 75016 Paris, France	+33 2 9874 4047
19. Thai Union Trading Europe B.V.	Distributor of seafood	10 EUR	10 EUR	10	100% (held by Thai Union EU Seafood 1 S.A.)	Herculesplein 207A,3584 AA Utrecht, Netherlands	+31 30 710 0955

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
EUROPE							
20. Mareblu SRL	Importer and distributor of canned seafood	5,100,000 EUR	5,100,000 EUR	100,000	100% (held by Thai Union Europe)	Via dei Missaglia 97 ed. B2, Milano 20142, Italy	+39 0574 2001
21. European Seafood Investment Portugal	Manufacturer and exporter of canned sardines and mackerel	50,000 EUR	50,000 EUR	10,000	100% (held by Thai Union Europe)	Avenida Monsenhor Manuel Bastos Rodrigues de Sousa, Peniche, Portugal	+351 26 278 0600
22. Etablissements Paul Paulet SAS	Manufacturer, importer, distributor and exporter of canned seafood	12,736,220 EUR	12,736,220 EUR	636,811	100% (held by Thai Union Europe)	ZI de Pouldavid 29177 Douarnenez, France	+33 2 9874 4047
23. UK Seafood Investments Limited	Holding company	100 GBP	100 GBP	100	100% (held by Thai Union Europe)	No1 Mann Island, United Kingdom	+353 151 243 6200
24. Irish Seafood Investments Limited	Importer and distributor of canned seafood	1,000 EUR	1,000 EUR	1,000	100% (held by Thai Union Europe)	Unit 14 Clacson House Dundrum Business Park Dublin, Ireland	+353 01 214 7345
25. John West Foods Limited	Importer and distributor of canned seafood	250,000 GBP	250,000 GBP	250,000	100% (held by UK Seafood Investments Limited)	No 1 Mann Island, Liverpool, L3 1BP, United Kingdom	+44 0151 243 6200
26. John West Holland BV	Importer and distributor of canned seafood	90,000 EUR	18,000 EUR	18,000	100% (held by Irish Seafood Investments Limited)	Herculesplein 215, Utrecht 3584 AA, Netherlands	+31 30 256 7470
27. Européenne De La Mer SAS	Holding company	31,782,446 EUR	31,782,446 EUR	31,782,446	100% (held by Thai Union Europe)	55 Avenue de Keradennec 29556 Quimper Cedex 9, France	+33 2 9864 7272
28. Meralliance Armoric SAS	Manufacturer of smoked salmon	3,434,697 EUR	3,434,697 EUR	225,226	100% (held by Européenne De La Mer SAS)	55 Avenue de Keradennec 29556 Quimper Cedex 9, France	+33 2 9864 7272
29. Meralliance SAS	Distributor of smoked salmon	500,000 EUR	500,000 EUR	50,000	100% (held by Européenne De La Mer SAS)	55 Avenue de Keradennec 29556 Quimper Cedex 9, France	+33 2 9864 7272



NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
EUROPE							
30. Imsaum SCI	Property rental	1,524 EUR	1,524 EUR	100	100% (held by Européenne De La Mer SAS)	55 Avenue de Keradennec 29556 Quimper Cedex 9, France	+33 2 9864 7272
31. Meralliance Poland Sp z.o.o.	Manufacturer of chilled salmon	4,500,000 PLN	4,500,000 PLN	45,000	100% (held by Européenne De La Mer SAS)	Łososiowa 6, 86-070 Dąbrowa Chełmińska, Pologne, Poland	+48 52 381 69 58
32. The Edinburgh Salmon Company Ltd. (ESCO)	Manufacturer and distributor of chilled salmon	200,000 GBP	200,000 GBP	200,000	100% (held by Européenne De La Mer SAS)	1 Strathview, Dingwall Business Park, Dingwall IV15 9XD, United Kingdom	+44 1349 860 600
33. Naco Trading AS	Distributor of salmon	110,000 NOK	110,000 NOK	220	100% (held by Européenne De La Mer SAS)	Skutevikboder 1-2, 5053 Bergen, Norway	+47 5596 1272
34. Thai Union Poland Sp z.o.o.	Manufacturer and distributor of canned seafood	50,005,000 PLN	50,005,000 PLN	1,000,100	100% (held by Thai Union EU Seafood 1 S.A.)	Strzebielinko 22, 84-250 Gniewino, Poland	+48 58 670 65 19
35. King Oscar AS	Manufacturer and distributor of canned seafood	35,100,000 NOK	35,100,000 NOK	55,100	100% (held by Thai Union EU Seafood 1 S.A.)	Nostegaten 58, N5011 Bergen, Norway	+47 4829 3000
36. Norway Foods Europe NV	Importer and distributor of canned seafood	62,000 EUR	62,000 EUR	62,000	100% (held by King Oscar AS)	Laarstraat 16 bus 14, Belgium	+32 3230 4364
37. Thai Union Germany GmbH	Holding company	25,000 EUR	25,000 EUR	25,000	100% (held by Thai Union EU Seafood 1 S.A.)	Straße der Jugend 10, 18546 Sassnitz, Germany	+49 383 92 60 0
38. Thai Union Marine Nutrients GmbH	Tuna oil refinery	25,000 EUR	25,000 EUR	25,000	100% (held by Thai Union Germany GmbH)	Mecklenburger Str. 140-142, 23568 Lübeck, Germany	+49 451 69 35 0
39. Rügen Fisch AG	Manufacturer and distributor of seafood	2,827,840 EUR	2,827,840 EUR	2,827,840	100% (held by Thai Union Germany GmbH)	Straße der Jugend 10, 18546 Sassnitz, Germany	+49 383 92 60 0

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
EUROPE							
40. Hawesta-Feinkost Hans Westphal GmbH & Co. KG	Manufacturer and distributor of seafood	4,000,000 EUR	4,000,000	4,000,000	100% (held by Rügen Fisch AG)	Mecklenburger Str. 140-142, 23568 Lübeck, Germany	+49 451 69 35 0
41. Seafood Beteiligungs- und Verwaltungs GmbH	Dormant company	25,600 EUR	25,600 EUR	25,600	100% (held by Hawesta-Feinkost Hans Westphal GmbH & Co. KG)	Mecklenburger Straße 140, 23568 Lübeck, Germany	+49 451 69 35 0
42. Artur Heymann GmbH & Co.KG	Distributor of seafood	1,250,000 EUR	1,250,000 EUR	1,250,000	100% (held by Hawesta-Feinkost Hans Westphal GmbH & Co. KG)	Mecklenburger Straße 140, 23568 Lübeck, Germany	+49 451 69 35 0
43. Wefina Feinkost Gunther Wehowsky GmbH	Distributor of seafood	153,450 EUR	153,450 EUR	153,450	100% (held by Artur Heymann GmbH & Co.KG)	Mecklenburger Straße 140, 23568 Lübeck, Germany	+49 451 69 35 0
44. Sassnitz Fisch GmbH	Manufacturer and distributor of seafood	25,565 EUR	25,565 EUR	25,565	100% (held by Rügen Fisch AG)	Gewerbepark 13b, 18546 Sassnitz, Germany	+49 392 50 80 4
45. Meerkrone Fisch-Feinkost GmbH	Property rental	25,600 EUR	25,600 EUR	25,600	100% (held by Rügen Fisch AG)	Mecklenburger Straße 140, 23568 Lübeck, Germany	+49 451 69 35 0
46. Ostsee Fisch Verwaltungs GmbH	Dormant company	25,565 EUR	25,565 EUR	25,565	100% (held by Rügen Fisch AG)	Hansestraße 12, 18182 Bentwisch, Germany	+49 666 28 21 0
47. Ostsee Fisch GmbH & Co. Produktions- und Vertriebs KG	Manufacturer and distributor of seafood	4,150,000 EUR	4,150,000 EUR	4,150,000	100% (held by Rügen Fisch AG)	Hansestraße 12, 18182 Bentwisch, Germany	+49 666 28 21 0
48. Ostsee Fisch Kretinga UAB (gAG)	Manufacturer and distributor of seafood	1,781,214 EUR	1,781,214 EUR	1,781,214	100% (held by Rügen Fisch AG)	Tiekėjū g. 33A, 97123 Kretinga, Lithuania, Germany	+49 445 76 90 4

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
AFRICA							
49. MW Brands Seychelles Limited	Exporter of canned tuna	84,924 EUR	84,924 EUR	100	100% (held by Thai Union Europe)	Fishing Port, Victoria, Mahe, Seychelles	+248 428 2500
50. Indian Ocean Tuna Limited	Manufacturer and exporter of canned tuna	9,273,000 EUR	7,192,589 EUR	41,500	100% (held by Thai Union Europe)	Fishing Port, Victoria, Mahe, Seychelles	+248 428 2500
51. Pioneer Food Cannery Limited	Manufacturer of canned tuna	5,500,000 USD	5,297,100 USD	5,297,100	100% (held by Etablissements Paul Paulet SAS)	P.O. Box 40, Tema, Ghana	+233 30 320 5051
52. TTV Limited	Dormant company	2,250,000 USD	2,250,000 USD	100	100% (held by Etablissements Paul Paulet SAS)	P.O. Box GP 1632, Adabraka, Accra, Ghana	+233 303 204 431
53. Thai Union Investment Holding Co., Ltd.	Holding company	500,001 EUR	500,001 EUR		100% (held by Thai Union Group Public Company Limited)	11 <sup>th</sup> Floor, Medine Mews, La Chaussee Street, Port Louis, Mauritius	+230 405 7721
AMERICA							
54. King Oscar Inc.	Importer and distributor of canned seafood	100,000 USD	50,000 USD	500	100% (held by King Oscar AS)	3838 Camino Del Rio North, 92108 San Diego, USA	+1 619 578 2040
55. Thai Union Canada Inc.	Manufacturer and distributor of seafood	17,523,875 CAD	17,523,875 CAD	114,577	100% (held by Thai Union EU Seafood 1 S.A.)	78 Rue du Quai, Val Comeau, NB E1X 4L1, Canada	+1 506 395 3292
56. C.H. Rich, Inc.	Reseller of seafood	834,751 USD	834,751 USD	7,384	100% (held by Thai Union Canada Inc.)	49 Shore Road, Bass Harbor, ME 04653, USA	+1 207 244 3485
57. Thai Union North America, Inc.	Holding company	12,000,000 USD	329,068,225 <sup>*</sup> USD	10,050,000	100% (held by Thai Union Group Public Company Limited)	2150 E. Grand Ave, El Segundo, CA 90245, USA	+1 424 397 8600

\*Additional paid - in capital

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
<b>AMERICA</b>							
58. Tri-Union Seafoods, LLC	Manufacturer & distributor of canned tuna and seafood	54,738,979 USD	54,738,979 USD		100% (held by Thai Union North America, Inc.)	2150 E. Grand Ave, El Segundo, CA 90245, USA	+1 424 397 8600
59. Tri-Union Frozen Products, Inc.	Importer and distributor of frozen seafood	10 USD	29,097,898* USD	10,000	100% (held by Thai Union North America, Inc.)	2150 E. Grand Ave, El Segundo, CA 90245, USA	+1 (310) 469 7030
60. Tri-Union Frozen Products North America, LLC	Holding company	640,000 USD	640,000 USD	1	100% (held by Tri-Union Frozen Products, Inc.)	2150 E. Grand Ave, El Segundo, CA 90245, USA	+1 (310) 469-7031
61. Tri-Union Frozen Products Canada, ULC	Technical service provider	640,000 USD	640,000 USD	9,999	100% (held by Tri-Union Frozen Products North America, LLC)	2150 E. Grand Ave, El Segundo, CA 90245, USA	+1 (310) 469-7031
62. US Pet Nutrition, LLC	Manufacturer & distributor of premium pet food	64,000,000 USD	64,000,000 USD		100% (99% held by Thai Union North America, Inc. 1% held by Tri-Union Seafoods, LLC)	2150 E. Grand Ave, El Segundo, CA 90245, USA	+1 424 397 8600
63. Thai Union Investments North America LLC	Holding company	200,000,000 USD	200,000,000 USD		100% (held by Thai Union North America, Inc.)	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA	
<b>ASSOCIATED COMPANIES</b>							
<b>THAILAND</b>							
1. Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	150,000,000 THB	150,000,000 THB	1,500,000	25% (held by Thai Union Group Public Company Limited)	1/74-75 Samutsakorn Industrial Estate, Rama II Rd., Moo 2 Tarsrai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3449 0330

\*Additional paid - in capital

NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
ASSOCIATED COMPANIES							
THAILAND							
2. Biz Dimension Co., Ltd.	E-Commerce under website	25,000,000 THB	25,000,000 THB	5,000,000	20% (held by Thai Union Group Public Company Limited)	979/79-80 26 <sup>th</sup> Floor, S.M. Tower, Phaholyothin Road, Phaya Thai, Bangkok 10400	+66 2298 0345
3. Thammachart Seafood Retail Co., Ltd.	Importer of seafood and seafood restaurant outlets	6,000,000 THB	6,000,000 THB	60,000	25.10% (held by Thai Union Group Public Company Limited)	58, 58/1-5, 5 <sup>th</sup> Floor, Soi Sukhumvit 63, Prakhonong Nua, Wattana, Bangkok 10110	+66 2714 1322
4. TN Fine Chemicals Co., Ltd.	Manufacturer & exporter of byproducts from seafoods	90,000,000 THB	90,000,000 THB	9,000	49% (held by Thai Union Manufacturing Co., Ltd.)	30/2 Moo 8, Sethakit 1 Road, Tarsai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3442 3686
ASIA							
5. Avanti Feeds Limited	Manufacturer & exporter of animal feeds and shrimp products	136,245,630 INR	136,245,630 INR	136,245,630	15.43% (held by Thai Union Group Public Company Limited) and 9.21% (held by Thai Union Asia Investment Holding Limited )	G-2, Concorde Apartments, 6-3-658, Somajiguda, Hyderabad-500082' Telangana, India	+91 40 2331 0260
6. Avanti Frozen Foods Private Limited	Manufacturer & exporter of shrimp products	101,000,000 INR	101,000,000 INR	10,100,000	60% (held by Avanti Feeds Limited)	G-2, Concorde Apartments, 6-3-658, Somajiguda, Hyderabad-500082' Telangana, India	+91 40 2331 0260
7. Seafood International Two FZCO	Distributor of food products	100,000 AED	100,000 AED	100,000	40% (held by Thai Union Group Public Company Limited)	PO Box 263845, Dubai, United Arab Emirates	+971 4 880 8318



NAME	TYPE OF BUSINESS	AUTHORIZED CAPITAL	PAID UP CAPITAL	NUMBER OF ISSUED SHARES	% OF HOLDING	HEAD OFFICE	TELEPHONE
<b>ASSOCIATED COMPANIES</b>							
<b>EUROPE</b>							
8. LDH (La Doria) Limited	Distributor of food products	1,000,000 GBP	1,000,000 GBP	200,000	20% (held by John West Foods Limited)	LDH House, Parsons Green, St.Ives, Cambridgeshire, PE27 4AA, United Kingdom	+44 1480 308 800
9. TUMD Luxembourg S.a.r.l	Holding Company	552,583 EUR	552,583 EUR	55,258,322	45% (held by Thai Union EU Seafood 1 S.A.)	4, rue Jean Engling, L-1466, Luxembourg	
<b>AMERICA</b>							
10. Red Lobster Group	Holding Company	Common units 230,000,000 USD Preferred units 345,000,000 USD	Common units 230,000,000 USD Preferred units 345,000,000 USD	Common units 7,600,000 Preferred units 2,400,000	25% (held by Thai Union Investments North America LLC)	450 S. Orange Ave., Suite 800 Orlando FL 32801-3383, USA	+1 407 734 9000
<b>JOINT VENTURES</b>							
<b>THAILAND</b>							
1. TMAC Co., Ltd.	Investment in breeding farms, improvement of shrimp breeding and shrimp farming	1,130,000,000 THB	1,130,000,000 THB	113,000,000	51% (held by Thai Union Group Public Company Limited)	89/1 Moo 2, Rama II Road, Kalong Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province 74000	+66 3449 0330
<b>AMERICA</b>							
2. Moresby International Holdings, Inc.	Holding in fishing company	9,327,699 USD	9,327,699 USD	10,000,000	33.22% (held by Thai Union Manufacturing Co., Ltd.)	Morgan & Morgan Building Pasea Estate Road Town, Tortotal British Virgin Islands	
3. Seafood International Holdco	Holding company	10,000 USD	10,000 USD	10,000	41% (held by Thai Union Germany GmbH)	Cayman Corporate Centre, 27 Hospital Road, Geovge Town Grand Cayman KY1-9009, Cayman Islands	

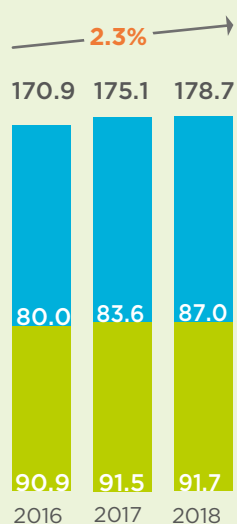


# INDUSTRY OVERVIEW

## GROWING FISH AND SEAFOOD DEMAND DUE TO INCREASED DISPOSABLE INCOME OF GLOBAL CONSUMERS

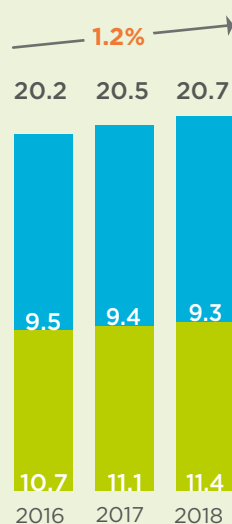
The recovery of the global economy has increased consumers' spending on animal proteins such as seafood. This, combined with a tightened supply-demand balance, has led to positive forecasts on the future of the global seafood market. Asia, particularly China, remains the major driver of global seafood development on both the supply and demand side.

**World Fish Production,**  
in Million Tonne



● Aquaculture  
● Capture fisheries

**Per Capita Fish Consumption,**  
in kg/Year



● Aquaculture  
● Capture fisheries

Source: FAO Globefish Highlights 2018

From the production perspective, global fish and seafood production has increased steadily at a CAGR of over 2 percent over the past three years, reaching 179 million tons in 2018. This was largely the result of growth in aquaculture, which accounted for almost half of total fish production. According to the Food and Agricultural Organization of the United Nations, it is likely that with a consistent 4-5 percent annual growth in aquaculture production, it will overtake capture fisheries as the major source of fish within the next two years.

From the consumer perspective, sustainability, food safety assurance, ease of preparation and the nutritional value of seafood remain very important. On the industry side, consolidation and supply chain integration continue to drive competitiveness in the industry.

## POSITIVE OUTLOOK FOR GLOBAL PROCESSED FISH AND SEAFOOD MARKET

The overall processed fish and seafood market has been growing constantly at CAGR 2.6 percent in recent years (2016-18), with the global market value reaching USD 81.0 billion in 2018. Growth is expected to pace faster in the future, as a result of the economic recovery in key markets and increase in seafood consumption and aquaculture production.

## MARKET BY REGION

Asia Pacific (APAC) and Europe are the largest contributors to the global processed fish and seafood market, accounting for 42 percent and 36 percent of the global market value in 2018, respectively. Despite being the largest markets, growth in APAC and Europe has remained low in recent years. North America is the world's third largest fish and seafood market with the majority of suppliers coming from APAC and Latin America. While the major markets have shown signs of maturity, growth in emerging markets (Middle East and Africa and Latin America) is much more attractive, especially in the frozen and shelf stable seafood categories.

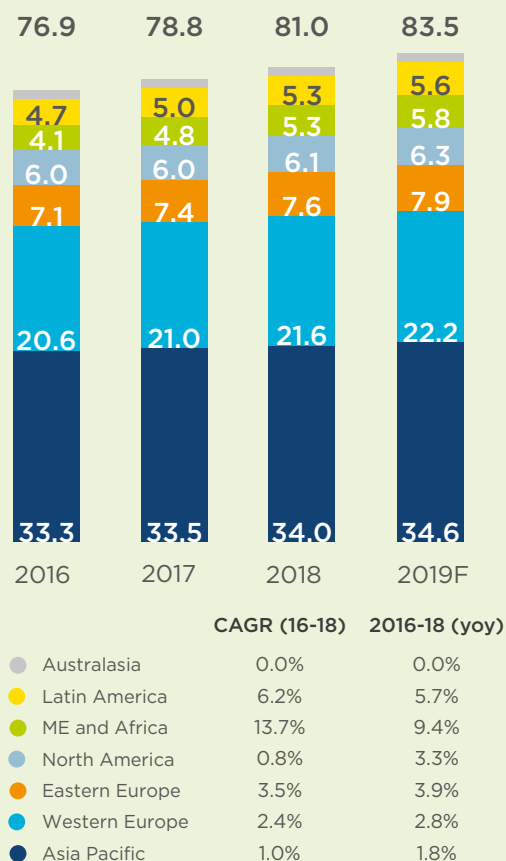
The Middle East and Africa is the fastest growing region with a CAGR of 13.7 percent (2016-18), and is forecast to reach USD 5.8 billion in 2019. This growth arises from consumers purchasing more premium seafood as a result of rising disposable income, urbanization, evolving consumption habits and health concerns.

## MARKET BY SEGMENT

Chilled fish and seafood accounted for the majority of the global processed fish and seafood market, representing 48 percent of the total market in 2018. As the global population becomes increasingly health conscious with an increased demand for quality food, the chilled fish and seafood category is expected to continue to lead the market. However, despite its large size, growth is expected to remain moderate over the next few years at about 2 percent. Consumption of chilled fish and seafood is largely driven by consumption in the APAC region, especially in Japan and South Korea.

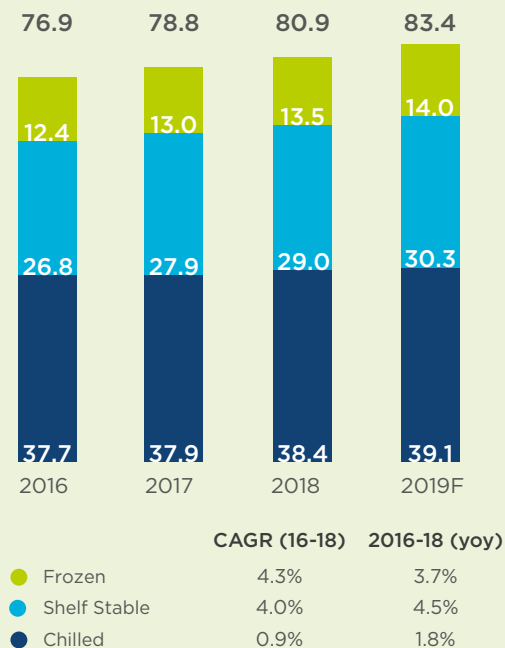
Shelf stable fish and seafood is the second largest and the fastest growing category, followed by frozen fish and seafood. Growth in these categories is expected to outpace the chilled category, driven by consumption growth in Emerging Markets (Middle East, Africa and Latin America).

**Processed Fish and Seafood Market Value by Region, in \$ Billion**



Source: Euromonitor

**Processed Fish and Seafood Market Value by Segment, in \$ Billion**



## COMPETITIVE LANDSCAPE AND PRICING TRENDS OF OUR MAIN RESOURCES: TUNA, SHRIMP AND SALMON

According to the FAO, tuna, shrimp and salmon remain the most popular traded species of seafood. They also represented over 70 percent of Thai Union's revenue in 2018. We therefore continue to closely monitor global pricing trends for these species.



## TUNA

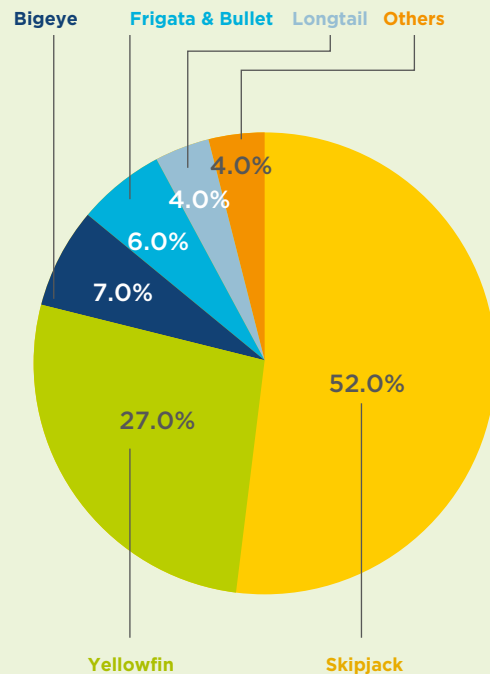
Skipjack tuna is the most common species used for processed and canned tuna. According to the FAO, about 52 percent of tuna produced was skipjack, followed by yellowfin, bigeye, frigate and bullet, albacore and other species.

On the supply side, tuna catches in the Western and Central Pacific were moderately low, particularly during April – May 2018, and improved only in June, prior to the FAD fishing closure during July – October. Despite the poor catch volume, frozen tuna demand was good in Thailand as canners procured supplies ahead of the FAD closure. The enforcement of the Inter-American Tropical Tuna Commission (IATTC) 72 days Veda in the Eastern Pacific Ocean, which also led to 50 percent of fleets abstaining from fishing in this water, yellowfin quota cuts in the Indian Ocean and unfavourable weather in the Atlantic Ocean, all impacted the overall catch volume in 2018.

International trade of canned tuna, particularly the conventional canned tuna in brine and in oil shrunk in the first quarter of 2018 due to weaker demand worldwide. On the other hand, there was increased demand for high value tuna with convenient packaging products, especially in the U.S. market.

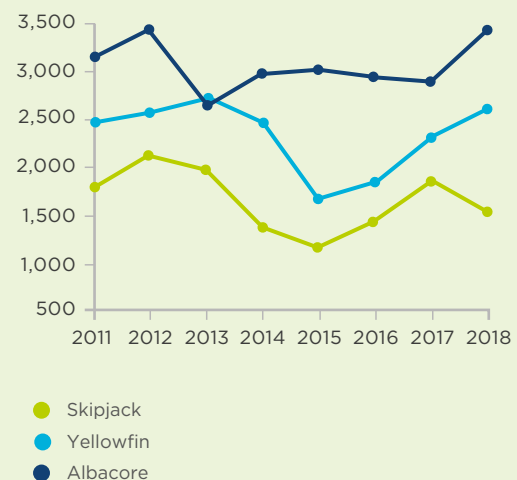
Despite the overall low landing volume, the price of frozen skipjack tuna fell 12 to 15 percent during the first half of 2018 compared to the previous year. Unexpectedly, it declined further to a record low of USD 1,250/ ton in August, and bounced back to USD 1,650/ ton in October.

**Global Tuna Production by Species, both Wild and Farmed in 2016**



Source: FAO Globefish Highlights 2018

**Average Tuna Prices by Species (2011-2018)**  
Bangkok Landing, in USD/ Tonne



Source: Thai Union Group



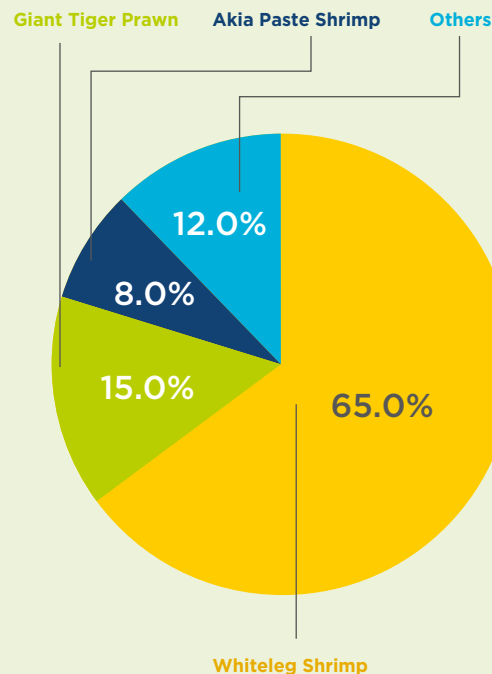
## SHRIMP

Whiteleg shrimp is the most common species, accounting for 65 percent of the overall global production volume. It is mostly farmed in Ecuador, India, Thailand, China and Argentina. China continued to be the largest shrimp producer, but largely for domestic consumption. India and Ecuador were the top two exporters in the global market.

According to the FAO report, shrimp farming season in 2018 had a positive start in most producing countries in Asia. The production volume for the first harvest of the year in April was high in India, Indonesia and Vietnam. Production in China also increased from May onwards. The unusual large harvest in March and April, particularly in India and Vietnam, caused an oversupply of shrimp in Asia, when shrimp demand in the major importing countries (i.e. the U.S.) was weak. As a result, ex-farm shrimp prices dropped drastically even below production costs. The shrimp industry has not experienced such dynamics in shrimp prices since 2002.

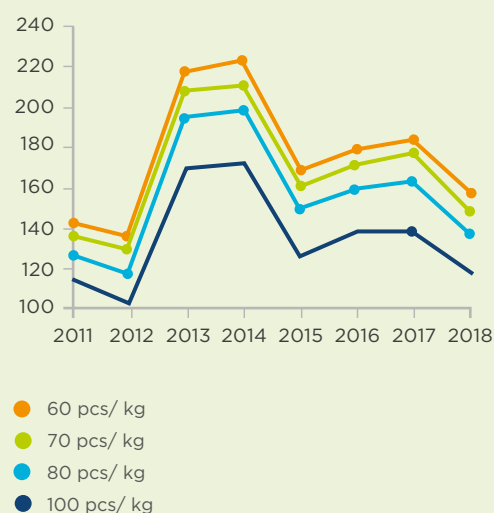
Several measures have been taken in an effort to stabilize falling ex-farm shrimp prices. The Department of Fisheries in Thailand, in collaboration with the Thai Frozen Food Association, set a minimum price level for shrimp. A similar effort was seen in India, where exporters agreed to pay more to farmers after the intervention of the government. Nonetheless, farm gate prices still remained much lower in the second quarter of 2018 compared to the last 5-6 years.

**Global Shrimp Production by Species, both Wild and Farmed in 2016**



Source: FAO Globefish Highlights 2018

**Average White Shrimp Prices by Size in Thailand (2011-2018), in THB/ Kg**



Source: Thai Union Group





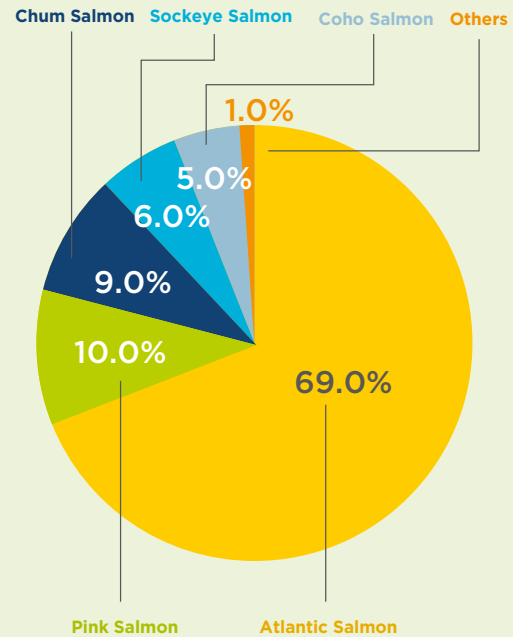
## SALMON

The supply of salmon continues to be primarily through aquaculture with the main species being Atlantic salmon, accounting for 69 percent of global salmon production. Norway and Chile are the top two producers of salmon worldwide, whereas the EU, Japan, the U.S. are the main importers of salmon.

Large swings in salmon prices are not a new phenomenon for the Norwegian farmed Atlantic salmon sector, but the price volatility experienced in 2018 was particularly severe. Emerging markets in Asia remain the fastest growing export destinations for Norwegian salmon. An economic recovery and a strong Euro continued to facilitate strong demand in the core EU28 countries, especially in Italy.

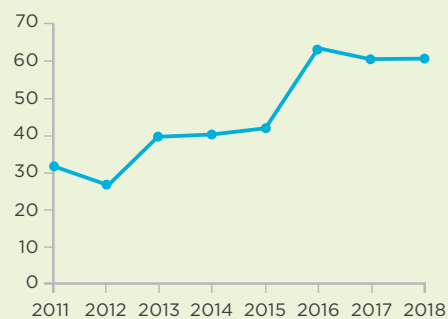
An increase in total Atlantic salmon production has been revised downwards, following low water temperatures and poor biological performance in Europe. The drop in Scottish production has been offset by a 5-6 percent increase in both Chile and Norway. The upward trend of global demand for salmon is expected to be sufficient to maintain average salmon prices around 60 NOK/ Kg for the foreseeable future. Profitability in the industry is expected to continue, evidenced by strong demand for farming licenses in Norway. Demand growth will continue to outpace that of supply until the issue on sea lice is overcome, through new treatments and alternative farming methods.

**Global Shrimp Production by Species, both Wild and Farmed in 2016**



Source: FAO Globefish Highlights 2018

**Average Salmon Prices in Norway (2011-2018), in Nok/ Kg**



Source: Fish Pool ASA



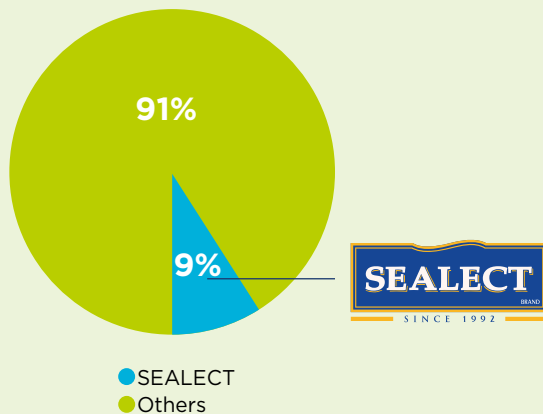




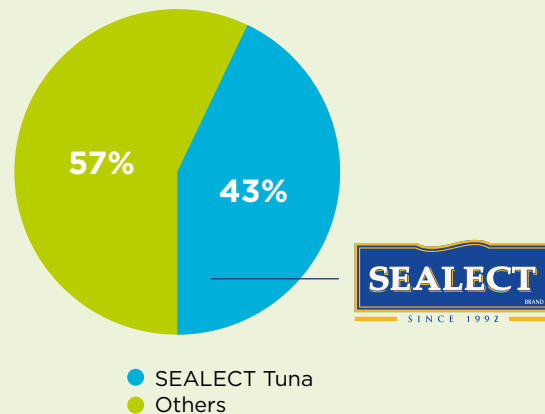
# SELECTED BRAND SHARE IN 2018

## THAILAND

MARKET SHARE (VALUE) OF "SEALECT" IN THAILAND<sup>1</sup>

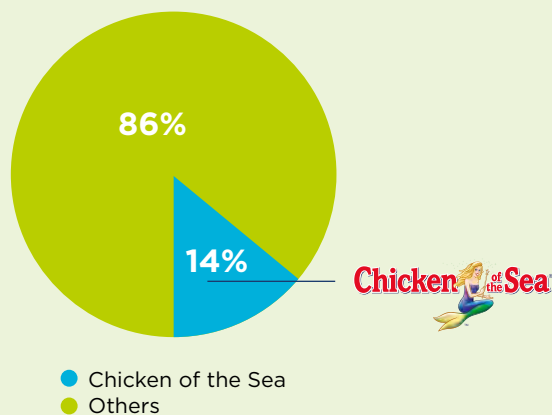


MARKET SHARE (VALUE) OF "SEALECT TUNA" IN THAILAND (CANNED TUNA MARKET)

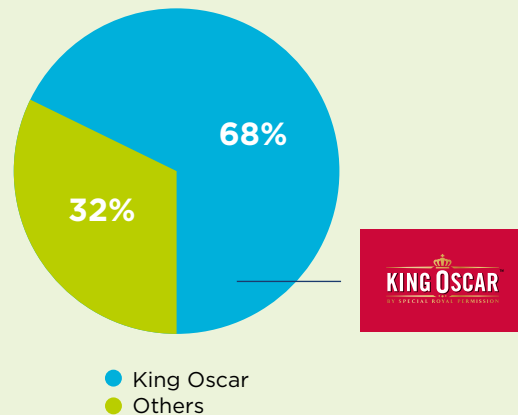


## USA

MARKET SHARE (VALUE) OF "CHICKEN OF THE SEA" IN THE U.S.<sup>1</sup>



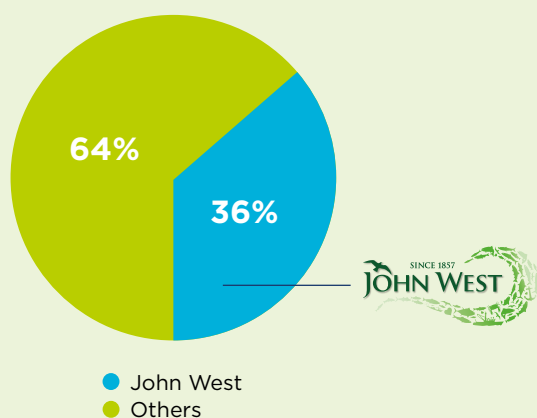
MARKET SHARE (VALUE) OF "KING OSCAR" IN THE U.S. (PREMIUM SARDINES)



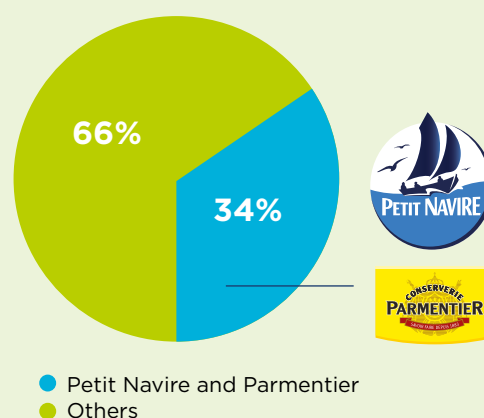


## EUROPE

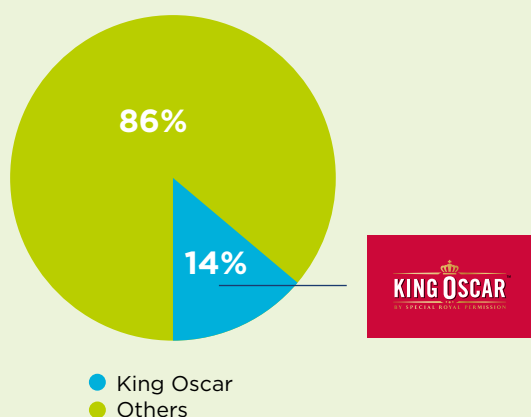
MARKET SHARE (VALUE) OF  
"JOHN WEST" IN THE U.K.<sup>1</sup>



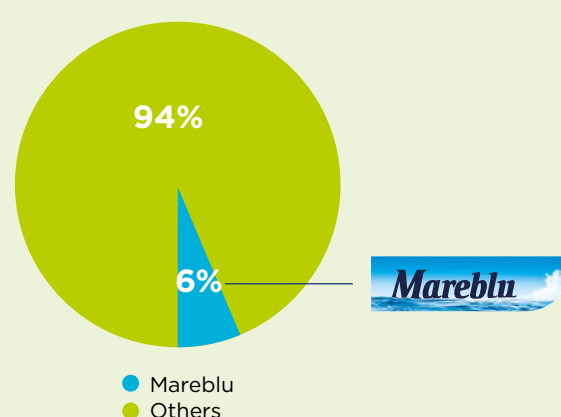
MARKET SHARE (VALUE) OF "PETIT NAVIRE"  
AND "PARMENTIER" IN FRANCE<sup>1</sup>



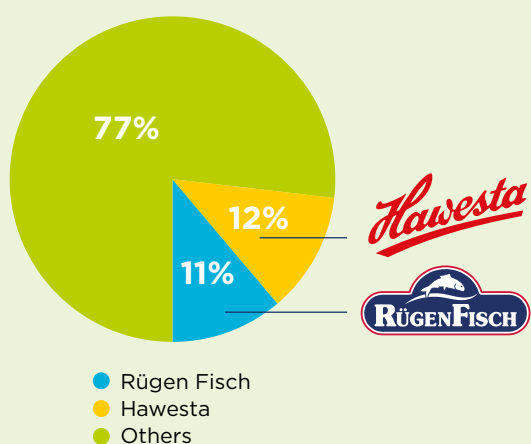
MARKET SHARE (VALUE) OF  
"KING OSCAR" IN NORWAY<sup>1</sup>



MARKET SHARE (VALUE) OF  
"MAREBLU" IN ITALY<sup>1</sup>



MARKET SHARE (VALUE) OF "RÜGEN FISCH"  
AND "HAWESTA" IN GERMANY<sup>1</sup>



<sup>1</sup>Of total canned seafood market

Source: AC Nielsen and IRI



# SUSTAINABILITY AT THAI UNION



Sustainable development is essential to the future of Thai Union's business and our growth; it is fundamental to being a responsible corporate citizen and it is how we will achieve our vision of being the world's most trusted seafood leader.

As a global seafood leader, we have a responsibility to set the standard for social, environmental and economic performance across our operations and into our supply chains. Recognizing this responsibility to show leadership, we heeded the calls of our stakeholders with SeaChange®, Thai Union's sustainability strategy with measurable commitments to delivering real, lasting changes in the way we operate. SeaChange® aims to drive a positive transformation throughout the global seafood industry.

Thai Union is proud to have been rated number one in the world in the food products industry in the 2018 Dow Jones Sustainability Index (DJSI). SeaChange® successfully drove the score with an industry best-in-class 100th percentile ranking for total sustainability score.

## CHANGING SEAFOOD FOR GOOD

We think of SeaChange® as a journey that covers every aspect of the seafood business: from how we look after the oceans to how we manage our waste; from the responsibility we take for our workers to building brighter futures for the communities around our key sites.

The backbone of our sustainability strategy is the ability to fully trace our seafood—from catch to consumption. With full traceability in place, we will be able to identify, investigate and improve performance on key issues such as labor and responsible sourcing.

## TECHNOLOGY FOR SOCIAL INNOVATION

Technology is a key enabler to producing sustainable seafood, which, in many regions is the most readily available source of protein. Often, the technology is not new, such as providing workers onboard fishing vessels with adequate connectivity to contact shore regularly. However, there are also revolutionary innovations being made. Blockchain and cryptocurrencies are two of the most exciting recent tech advances, with applications in combating hunger and ensuring ethical seafood.

In particular, Thai Union is trialing the use of blockchain to input key data elements relating to catch and production from the farm to the processor. The information will be secure, visible to all participants, and aids transparency and traceability, enhancing confidence. Working with partners, Thai Union has focused on initiatives which incentivize data sharing and ensure accurate reporting. The technology will facilitate market-based pricing of data and create a user-pay, whole-chain traceability system which enables accurate, transparent reporting, providing direct incentives to meet sustainability standards.

The need to combat hunger and produce seafood ethically is ongoing. Technology advances mean we have many more tools at our disposal to ensure all our food is produced sustainably and that we are continuously working to maintain fish stocks for generations to come.





# seaCHANGE

## OUR OVERARCHING OBJECTIVES

**Sustainable seas,  
now and for future  
generations**

**Workers are safe,  
legally employed  
and empowered**

**Legal and licenced  
vessels, operating  
responsibly**

## OUR PROGRAMS



### SAFE AND LEGAL LABOR

Providing safe, legal and freely-chosen employment in our own facilities and in supply chains is critically important to Thai Union.

**Fair Labor Goals and Roadmap**



### RESPONSIBLE SOURCING

Traceability is the key to improving the transparency and operational practices of the entire seafood supply chain.

**Responsible Sourcing Goals and Roadmap**



### RESPONSIBLE OPERATIONS

The way we operate must be environmentally responsible and show a duty of care for our workers.

**Responsible Operations Goals and Roadmap**



### PEOPLE AND COMMUNITIES

At Thai Union we take responsibility for improving the lives of those living and working in the regions in which we operate.

**People and Communities Goals and Roadmap**

SeaChange® is an integrated plan of initiatives, organized into four programs, to drive meaningful improvements across the entire global seafood industry.

## OUR OPERATING PRINCIPLES

### Good Governance

Robust leadership, policies and processes ensure our business is focused on delivering our sustainability objectives and is ethical across all our operations.

### Transparency

We will remain transparent in all communications with stakeholders, customers and the industry, sharing our learnings and providing regular updates on our progress.

### Partnerships and Collaboration

We have and will continue to actively seek out NGOs, governments and industry partners to work with us on initiatives designed to deliver against our overarching objectives. We will continue to share our findings so the entire industry can benefit from our experience and findings.

## UN SUSTAINABLE DEVELOPMENT GOALS AND UN GLOBAL COMPACT

While this work is designed to have a positive impact on the seafood industry, the milestones we achieve under our programs will also deliver against the United Nations (UN) Sustainable Development Goals (SDGs) and is guided by our commitment to the UN Global Compact (UNGC). In line with SeaChange®, Thai Union is focused on delivering against the UN Sustainable Development Goals, with actions delivered against three in particular, contributing to broader societal change in areas where we can have direct influence, including:



Thai Union is a member of the UNGC and has worked to implement the commitments in its Ten Principles since 2013. In 2018, we joined with other founding members to launch the UN Global Compact Network Thailand.

### Human Rights

Thai Union will support and respect the protection of internationally proclaimed human rights; and

1

Make sure that they are not complicit in human rights abuses.

2

### Labor Standards

Thai Union will uphold the freedom of association and the effective recognition of the right to collective bargaining;

3

The elimination of all forms of forced and compulsory labor;

4

The effective abolition of child labor; and

5

The elimination of discrimination in respect of employment and occupation.

6

### Environment

Thai Union will support a precautionary approach to environmental challenges;

7

Undertake initiatives to promote greater environmental responsibility; and

8

Encourage the development and diffusion of environmentally friendly technologies.

9

### Anti-Corruption

Thai Union will work against corruption in all its forms, including extortion and bribery.

10



Caption: Launching UNGC Network Thailand, December 2018

## 2018 IN BRIEF

We have embraced our role as a leader for positive change as one of the largest seafood companies in the world. This means putting sustainability at the heart of our business with our SeaChange® sustainability strategy. We worked every day in 2018 to ensure the company values we embrace are being translated into real and demonstrable change for good, and it is an honor to be recognized as sustainable development leaders. Here are some of the year's highlights.

### Edie Sustainability Leader of the Year and Ethical Corporation Business Leader of the Year



Along with our Chicken of the Sea brand and Monterey Bay Aquarium, launched

**SeaChange®IGNITE**  
to advance new sustainability initiatives and improvements throughout our supply chain



### Addressed world leaders

on combating modern slavery at UN General Assembly



### No. 1 Company in World in Food Products Industry

by the Dow Jones Sustainability Index (DJSI)—SeaChange® paved the way with a best-in-class 100<sup>th</sup> percentile ranking for total sustainability score



### Received Thomson Reuters Foundation's Stop Slavery Award Honorable Mention



### Joined the Global Ghost Gear Initiative

to help combat marine plastic pollution



# ENVIRONMENT, HEALTH, AND SAFETY

## OCCUPATIONAL HEALTH AND SAFETY

In recent years, Thai Union has prioritized developing the foundation of an Environmental, Occupational Health and Safety (EHS) Management System within the company. Implementation of Thai Union EHS Protocols ensures every Thai Union workplace operates under the same minimum EHS requirements. We systematically integrate Environmental, Occupational Health and Safety considerations into our business processes to overcome any challenges of building a safe workplace, and mitigate the risk of injuries and fatalities.

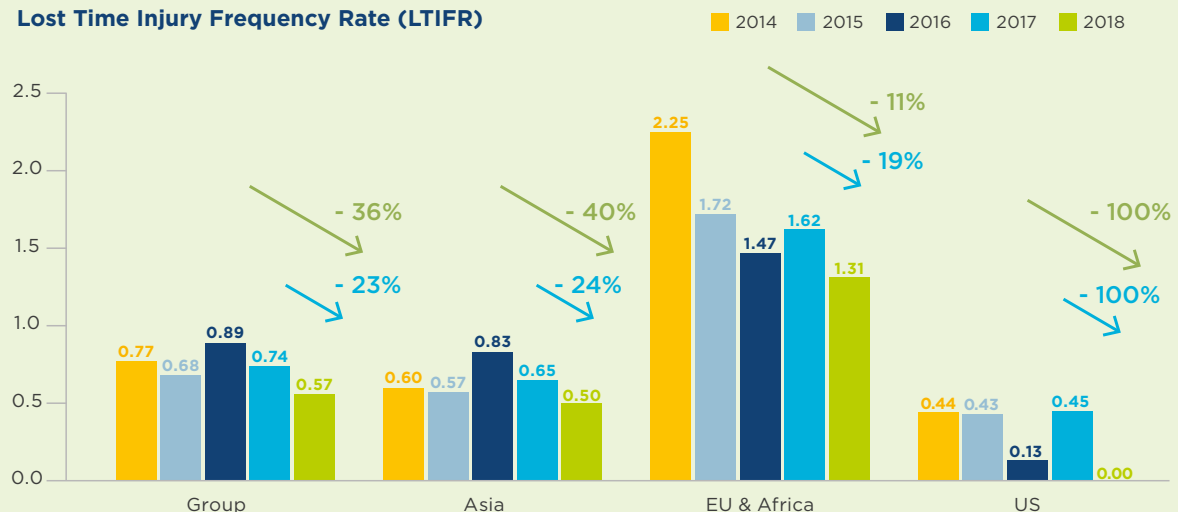
In 2018, our journey to “Building a Trusted Workplace in Health and Safety” continued.

We maintained the occupational illness frequency rate for employees at zero. We exceeded our target on the Lost Time Injury Frequency Rate (LTIFR) by 36 percent against our 2016 performance. There were no fatalities in 2018 for both employees and contractors.

In addition, one of our key initiatives in 2018 was conducting the “Ammonia Consequence Model Program”, starting at the Thai Union Group factory in Samut Sakhon, where we simulated the ammonia management model to proactively prevent ammonia hazards and risks to our plants and surrounding communities.



## Lost Time Injury Frequency Rate (LTIFR)





## CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION

Climate change is a global challenge involving economic, social and environmental issues. Oceans are also directly linked with climate change, whether through warming sea surface temperatures, rising sea levels, or ocean acidification. It is our social and environmental responsibility to take action

to minimize the factors which cause climate change. Thai Union is committed to protecting the environment by mitigating risks from our natural resources consumption and greenhouse gas emissions, especially within our organization. We are also committed to our proactive environmental sustainability 2020 targets for enhancing our environmental accounting, monitoring and mitigation plans.



### OUR EHS 2020 GOAL

\*compared to the base year, 2016



Reduce GHG  
emissions by  
**30  
percent**  
per ton of  
production\*



Reduce waste  
to landfill by  
**20  
percent**  
per ton of  
production\*



Reduce water  
consumption by  
**20  
percent**  
per ton of  
production\*

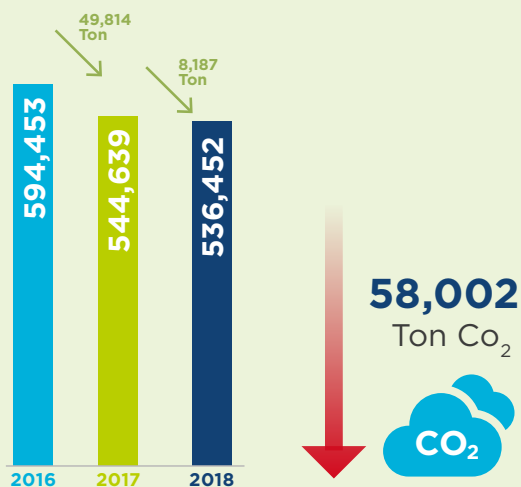
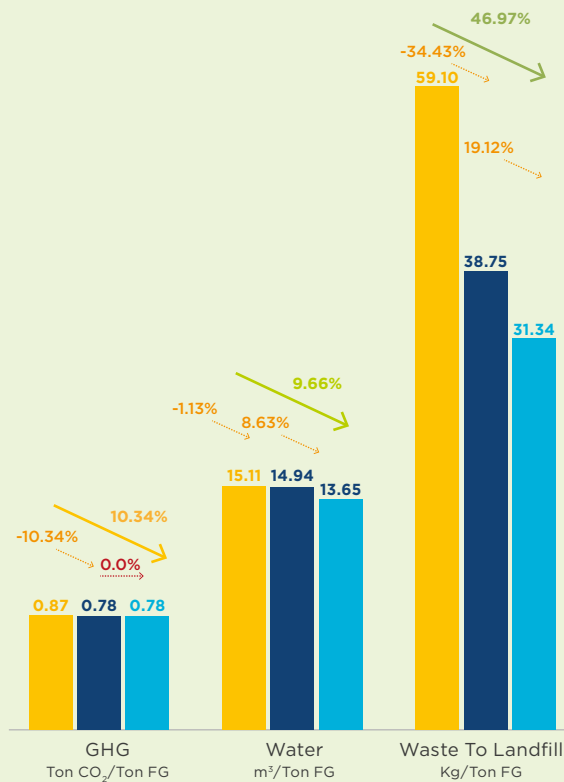




## GLOBAL ENVIRONMENTAL & GHG PERFORMANCE Y2018 VS Y2016

In 2018, we reduced our greenhouse gas intensity emissions by 10.34 percent, or about 58,002 Ton CO<sub>2</sub> equivalent., and reduced our water and waste to landfill by 9.66 percent and 46.97 percent, respectively, compared with 2016. The financial savings for Thai Union from these environmental reduction programs were more than USD 10 million.

■ Y2016 ■ Y2017 ■ Y2018



## SOLAR ENERGY GENERATION PROJECT ON PLANT ROOFTOP (SUN SEEKER PROJECT)

In 2018, we continued installing solar rooftops at Thai Union Manufacturing (TUM) and Songkhla Canning (SCC) with power capacity of 0.6 MW and 1 MW respectively. For these two projects, we will consume electricity from renewable energy sources of around 2,000,000 kWh/y and reduce GHG emissions by approximately 1,100 tons CO<sub>2</sub> eq/y. We expect to install at least 20 MW in total by the end of 2019.



Songkhla Canning



Thai Union Manufacturing





# INNOVATION AT THAI UNION

***“The greatest challenges offer the greatest opportunities. Seeking to be an agent of change in the industry, our own research together with our expanding global innovation networks enable us to constantly push the boundaries to deliver the best manufacturing solutions and products to our consumer”***



## RESEARCH & INNOVATION

Thai Union is committed to being the seafood industry's leading agent of change. The Global Innovation Team plays a critical role to grow and differentiate the business. The Global Innovation Incubator (Gii) is pursuing pioneering research and technology development to constantly push innovation toward TU's mission of being the world's most trusted seafood leader.

2018 brought exiting change as Gii relocated their main activities into new R&D facilities in central Bangkok to create the Global Innovation Center (GIC). The Global Innovation Center offers expanded capability to engage in research related to fundamental studies of our raw materials, new processing technology, and utilization of rest-raw

materials to create added value. A key component of the GIC's activities involves translational research to bring new innovations to the market. The main focus of GIC projects is on:

- Enhancing product quality, nutritional value and consumer satisfaction
- Accelerating sustainability through smarter utilization of fishery resources, optimization of processes and technology, and value creation of material side-streams
- Creating new corporate revenue streams from research and development tailored for new business growth
- Translating consumer perception and sensory preferences into differentiated products
- Optimizing and upgrading the manufacturing process to meet Industry 4.0
- The GIC is driven by an exploration of outside-the-box ideas and a culture of challenging assumptions, structured around three foundational pillars: Science and Research, Technology and Development, and Innovation Support.

## COLLABORATION FOR INNOVATION

The GIC leverages public-private partnerships with industry, government, and academia. In a continuously evolving partnership with several major universities in Thailand, including Mahidol University, Kasetsart University, Chulalongkorn University, King Mongkut University of Technology Thonburi, and Suranaree University of Technology, knowledge transfer between academia and industry can be realized. In 2018, our collaboration network with both academic institutions and industry partners overseas was further extended, and several technological field trials were completed in both our and their R&D facilities. All these partnerships promote the growth of knowledge within the GIC, and build valuable intellectual property for all involved.

## RESEARCH AND DEVELOPMENT

In 2018, we continued into the second phase of a six-year program with the Thai Board of Investment (BOI), aimed at conducting fundamental and applied



research that resonates through the value chain. The research spans topics such as; the use of DNA-based methods to combat food fraud; smart technologies for raw material quality assessment; novel process technology for the tuna industry; and continued exploration of rest-raw materials for value-added ingredients. The GIC continues to work in close partnership with Thai Union's Marine Ingredients unit to scale-up and commercialize these efforts, which in 2018 led to the construction and opening of a new state of the art tuna oil refinery in Germany.

## INNOVATION LAUNCH

Our investment in science and technology seeks to translate findings into products to market. Two selected product innovations launched by Thai Union demonstrated our commitment to being the leader in the seafood industry.

GIC delivered a new transparent packaging solution for shelf-stable tuna and other seafoods.

The pot and lid are made of entirely recyclable polypropylene, and keep tuna in optimal condition. It comes with easy-peel foil and a resealable lid that allows consumer to conveniently store opened cans in the fridge without any mess. The transparent packaging solution has been pioneered in Europe under our John West brand, and in the U.S. with Chicken of the Sea in their new "Infusions" product with Basil, Lemon & Thyme, Chili & Garlic, and Sundried Tomato. The Infusions packaging solution also includes a folded fork for easy-eating on the go.

Fresh Tuna delivered the first ever pasteurized tuna product in a transparent plastic cup for Thai Union and the Global Market. The Fresh Tuna was launched in retail format under the Petit Navire brand to provide consumers with a convenient and contemporary format for tuna. The process and packaging format deliver premium freshness compared to traditional formats. It is perfect for younger groups and millennials looking for a tasty, healthy, and convenient fish product.

## TRANSPARENT PACKAGING



Innovation in packaging that introduce a high barrier transparent plastic cup/fridge pot packaging that differentiate our brands in the tuna market. Currently available through John West and Chicken of the Sea.

## FRESH TUNA

**Fresh Tuna.** Offer a light pink skipjack tuna meat with a succulent flavor and an invigorating fresh taste. Packaged in a light weight transparent cup, made from environmentally friendly Ethylene-Vinyl Alcohol copolymer, provide excellent protection for the product. Fresh Tuna is available in four flavors: Natural, Lemon-Thyme, Ginger-Lime, and Sundried Tomato.





## GLOBAL INNOVATION CENTER

In 2018, construction started on the Global Innovation Center (GIC), the next stage of Thai Union's innovation journey. The GIC is centrally located in Thai Union's Global Headquarters, one skytrain station away from Bangkok's Victory Monument. The GIC spans several floors with about 5,000 m<sup>2</sup> of combined lab and office space. The Global Innovation team moved in and started work in the new space in early December 2018.

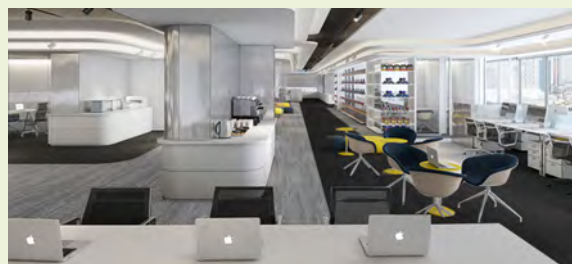
The core underlying theme inspiring the construction design is **Openness** and **Collaboration**, which is reflected in the spacious open office design, collaboration work areas, breakout rooms, and glass walls. The main reception floor hosts shared workspaces, several large meeting rooms, town hall-style auditorium space, sensory evaluation labs, as well as a kitchen stadium for product demonstrations and events.

Below the main reception floor, a dedicated chemical, biotechnology and analytical labs, as

well as specific product development labs for fish, shrimp, pet care, and ingredients are available to drive scientific discovery and project execution. The laboratory spaces are lining a centrally located office area, which creates an environment that enables staff to move effectively from state-of-the-art laboratories to a comfortable office setting that inspires collaboration and innovation. Furthermore, being centrally located in our corporate headquarters allows for ease of access and communication to all areas of the company.

In addition to the above, new pilot plant facilities have been put in place on the basement floor. The space is used to evaluate new technology solutions on a larger scale, and also to house critical equipment for process scale-up, including membrane filtration, centrifuges, and spray dryers.

With the move to the new GIC, scientific discovery, technology development, and product innovation is poised to reach new heights.





## THAI UNION INGREDIENTS

In 2017, to meet a growing market demand for natural, seafood-derived ingredients for human nutrition, Thai Union invested in a global business unit focusing on marine ingredients. Thai Union Ingredients (TUI) commercializes value adding innovations identified by Thai Union's cutting-edge Global Innovation Center, while creating a sustainable future for the tuna industry by maximizing the valuation of the whole fish processed by Thai Union.

With the launch of TUI, Thai Union has become the only refiner of high-quality tuna oil with complete end-to-end supply chain and production ownership.



Caption: Thai Union Group commissions a state-of-the-art marine oil refinery plant located in Rostock, Germany.



Tuna oil is considered one of the best sources of omega-3 fatty acids and is especially rich in DHA, which is critical to infant brain development and human health in general.

Thai Union's tuna crude oil is extracted in Bangkok from raw tuna heads—the best source of the highest-quality tuna oil—supplied straight from its tuna processing plants. The extraction plant is located next to Thai Union's processing facilities in Samut Sakhon, Thailand, so the raw, uncooked material can be processed immediately and prepared for shipment to Thai Union's refinery in Germany.

In late 2018, Thai Union successfully commissioned a state-of-the-art, USD \$24 million tuna oil refinery in Rostock, Germany, where it will refine fifty to one-hundred tons of tuna fish oil every week. Apart from being in a tech-driven region, the refinery is geographically well-positioned in proximity to most of its customers.

The TUI refinery aims to supply 5,000 metric tons of refined tuna oil annually. The oil will be used primarily by manufacturers of nutrient-dense products including infant formula, dietary supplements, clinical nutrition, and functional foods. TUI is currently exploring opportunities to expand its business into other nutrients production, such as a wide range of protein products and bone calcium.

By having control over the entire production chain, the company can focus on quality and sustainability “from dock to door” while employing traceability. Traceability combats illegal, unreported, and unregulated fishing; ensures operational compliance on vessels to manage bycatch; and stamps out illegal or forced labor. Since Thai Union also owns the fish from which the oil is extracted, it can secure the required volumes for its customers—unlike refined-tuna-oil-producing competitors that need to source crude oil on the market.



# REPORT OF THE AUDIT COMMITTEE

## To the Board of Directors and Shareholders,

The Audit Committee of Thai Union Group Public Company Limited (the Committee) comprises three independent directors who are experts in finance, accounting, organization management, law, information technology, internal control and risk management. Each member of the Committee meets the criteria as stipulated by the Stock Exchange Commission and the Stock Exchange of Thailand. None of them holds any managerial positions, nor are they employed by, or do they perform, consulting roles for the company.

In 2018, the Committee convened 14 meetings as follows:

1. **Mr. Sakdi Kiewkarnkha,**  
Independent Director and Chairman of the Audit Committee, attended 14 meetings.
2. **Dr. Thamnoon Ananthothai,**  
Independent Director and Audit Committee Member, attended 13 meetings.
3. **Mr. Nart Liuchareon,**  
Independent Director and Audit Committee Member, attended 12 meetings.

The Committee, appointed by the Company Board of Directors, performed audit duties in compliance with the Audit Committee Charter. The Committee hereby summarizes the tasks performed in 2018 as follows:

## FINANCIAL STATEMENTS REVIEW

- The Committee has reviewed the quarterly and the annual financial statements of Thai Union Group

Public Company Limited, including the notes and the consolidated financial statements of Thai Union Group Public Company Limited and its subsidiaries. The statements have been prepared according to the Thai Financial Reporting Standards (TFRS). The Committee scrutinized the reports on important and special issues and where queries were made, explanations were promptly answered by the external auditor, management and manager - Audit Unit and IT Audit Manager, to the satisfaction of the Committee. The Committee concluded that the disclosure of the financial statements is in full compliance with the law and financial reporting standards and that the statements have been reviewed and audited by the external auditor with unmodified opinion. The Committee met with the external auditor without the presence of company management. They assured that they retained their independence to work without being impeded, and received full support from the company management and personnel.

## GOOD CORPORATE GOVERNANCE REVIEW

- The Committee has reviewed the company's ethical practices and found that the company has strictly adhered to stipulated ethical standards. The company has implemented an anti-corruption policy, which extends to all subsidiaries, and has also demonstrated corporate governance with care for society and the environment. In addition, the Committee has reviewed the company's compliance with laws and regulations on securities and exchanges and applicable business legislations, especially on related party transactions and potential conflict-of-interest transactions. In summary, the Committee reviewed their own performance through self-assessments; preparedness of the directors; financial reports; external audit minutes; related party transactions review; information disclosures; risk management; internal control; IT management; minutes of board meetings; internal audit performance and Audit Committee secretary review. The Committee agreed that the corporate governance is satisfactory.

## RISK MANAGEMENT REVIEW

- The company has Group Operations Assurance and Risk Management to be the coordinator and responsible for the corporate risk management duties. The company has in place a risk management sub-committee with an independent director as its chairman. The sub-committee was responsible for reviewing the structure, policy, framework and plans for risk management.



The sub-committee was also accountable for revising the risks and risk monitoring, taking into consideration internal and external risk factors that could impact the company and managing them to an acceptable level. Also, the alert mechanism has been reviewed according to standard set.

#### INTERNAL CONTROL, INTERNAL AUDIT REVIEW AND IT AUDIT

- The Committee has examined the internal control system evaluation by regularly perusing the work plan and internal audit reports, both internal audit and IT audit. No significant fault was found. The internal auditor reported that the company and its subsidiaries' internal controls are effective and the external auditor also reported that the internal controls for accounting and finance are sufficient and appropriate. The Committee has annually reviewed the Audit Committee Charter and the Internal Audit Charter. The internal auditor asserted its precedence in developing personnel and auditing tools complying with internal auditing standards.

#### REVIEW OF RELATED PARTY TRANSACTIONS, COMPLIANCE WITH STOCK AND EXCHANGE LAWS, STOCK EXCHANGE OF THAILAND (SET)'S REGULATIONS AND RELATED LAWS

- In 2018, the Committee has been confirmed by the company management that the company and its management have fully complied with all applicable laws and regulations including the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regulations on related party transactions. From the management report and confirmation and also the review result of the Committee, it is deemed that the company has fully complied and disclosed with the aforementioned regulatory requirements.

#### COMPANY AND ITS SUBSIDIARIES VISIT

- The Committee visited the company and seven of its domestic subsidiaries and five overseas subsidiaries. With each company, the Committee convened the meeting with the management and reviewed their operations; internal control system; risk management system; environmental management system; problems of financial statements preparation, external and internal auditors. The Committee also observed production


facilities, inventory management systems and overall situations.

#### THE COMMITTEE WAS ABLE TO CONDUCT ITS DUTIES ACCORDING TO THE AUDIT COMMITTEE CHARTER AND REQUEST FOR ACCESS TO DATA WITHOUT ANY LIMITATIONS

- The Committee has reviewed the operational performances and concluded that the company performance is good. The Committee was also involved in rewarding, appointing, demoting, transferring the General Manager – Audit Unit, who is responsible for internal control operations of the company and its subsidiaries.

#### APPOINTMENT OF EXTERNAL AUDITOR FOR THE YEAR 2019.

- The Committee is satisfied with the external auditor performance in the past year. Furthermore, after the Committee already reviewed the qualifications and independence of the auditors, they found that the auditors have fully complied with regulations including the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regulations. The Committee proposed to the Board of Directors for consideration and approval, and was approved at the Annual General Meeting, to appoint Mr. Pongthavee Ratanakoses, and / or Mr. Chanchai Chaiprasit, and / or Mr. Vichien Khingmontri, from Pricewaterhouse Coopers ABAS Limited as the external auditor(s) of the company and subsidiaries for 2018. In the absence of the above-named auditors, Pricewaterhouse Coopers ABAS Limited is authorized to identify one other Certified Public Accountant within Pricewaterhouse Coopers ABAS Limited to carry out the work.



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**Mr. Sakdi Kiewkarnkha**  
Chairman of Audit Committee





# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

## Dear Shareholders,

Thai Union Group PCL has appointed the Nomination and Remuneration Committee, which comprises of two Directors and they are Independent Directors as follows:

1. **Dr. Thamnoon Ananthothai,**  
Chairman of the Nomination and Remuneration Committee
2. **Mr. Sakdi Kiewkarnkha,**  
Member of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors and as defined in the charter of the Nomination and Remuneration Committee. The Committee has compiled details relating to the composition, duties and responsibilities required to discharge its duties as assigned by the Board of Directors in the recruitment, selection and presentation of individual directors to the Board, qualified by knowledge and ability, experience and expertise to conduct business, as well as to offer a compensation plan for the Board and Committees. In 2018, the Remuneration and Nomination Committee convened two times, and each time a quorum was met with the following resolutions:

1. Following good corporate governance, the Company granted the rights to allow a shareholders' proposal of decent persons they think fit to become director candidates, as well as a proposal of a meeting agenda for the 2018 Annual General Meeting of Shareholders. Following the Company's announcement of such

grant of rights through the Stock Exchange of Thailand and on the corporate website between September 25, 2017 and January 15, 2018, there were eventually neither qualified director candidates nor a meeting agenda proposed by shareholders through the entire 113 days entry period.

2. Reviewed the qualifications of those who will be members on the Board of Directors as the term of the existing four ended. The four Directors were proposed to rejoin the membership of the Board of Directors. The reappointment decision was proposed to the Board of Directors to receive approval at the shareholders' meeting.
3. Proposed the compensation for the Company's directors and committees based on their responsibilities and the Committee compensation reference conducted by the Thai Institute of Directors (IOD). The Committee also revealed the compensation of the directors, committees and executives in the annual report following good corporate governance principles.
4. Evaluated and reviewed the performance of the Company's directors following the Company's good corporate governance policy.

The Nomination and Remuneration Committee has the duty to offer advice commenting on the importance of prudence, transparency and independence, according to the principles of corporate governance and as an act of good faith in the interests of the Company and shareholders.

**Dr. Thamnoon Ananthothai**  
Chairman of the Nomination  
and Remuneration Committee



# CORPORATE GOVERNANCE REPORT

The Board of Directors of Thai Union Group Public Company Limited has realized the importance of good corporate governance, which should be provided by the company to support its operations for sustainable growth and wider acceptance in both the domestic and international markets. For this reason, the Board of Directors has been committed to running operations under a good corporate governance framework, which comprises directors and executives who are leaders with visions and responsibilities, and a management structure which controls, monitors, provides checks and balances for

fairness, morality and transparency concerning the equity of the shareholders and the stakeholders in order to increase the competitive advantage, which will build confidence among shareholders, investors and stakeholders, to make the company operate with efficiency, stability, and sustainable growth along with added value in the investments for the shareholders in the long term.

## OPERATIONS UNDER GOOD CORPORATE GOVERNANCE

The Board of Directors has set up a good corporate governance policy for registered companies by adhering to the principles of good corporate governance of the Stock Exchange of Thailand and has consistently reviewed, adjusted and improved this for suitability to ensure that the duties of the Board of Directors are performed with effectiveness and constant good corporate governance.

The Board of Directors has verified the performance in accordance with the policy in 2018 and found that the performance was in accordance with the stipulated policy and work processes, except for a few matters, resulting in implementation pauses as follows:

PRINCIPLES/GOOD CORPORATE GOVERNANCE OF THE STOCK EXCHANGE OF THAILAND	THE COMPANY'S EXPLANATION
<p>Equitable Treatment of Shareholders: The delivery of the invitation to shareholders 21 days prior to the Annual General Meeting of Shareholders</p>	<p>Due to the preparation of the annual report, we have to wait for the results of operations for 2017 and will be prepared and audited by the Auditor within 60 days of the date of the balance sheet on December 31, 2017. The company has scheduled a board meeting to consider and approve the results of operations on February 20, 2018 which will take at least 14 days to close and compile the shareholders' list which the company has scheduled on March 7, 2018 and take about eight days after the closing date to distribute the meeting invitation letter due to the waiting list of shareholders' registrar and postal process on March 21, 2018. As the company has set the date for the Annual General Meeting on April 5, 2018, this will affect sending the invitation letter to shareholders at least 21 days prior to the meeting date.</p>

PRINCIPLES/GOOD CORPORATE GOVERNANCE OF THE STOCK EXCHANGE OF THAILAND	THE COMPANY'S EXPLANATION
	<p>However, the company publicized the Invitation to the 2018 Annual General Meeting of Shareholders along with the documents in which details with sufficiently and accurately provided on <a href="http://www.thaiunion.com">www.thaiunion.com</a> since 2 March 2018 – 34 days prior to the Annual General Meeting of Shareholders. Moreover, the company understands that the company may defer the Annual General Meeting in order to give shareholders more time to read and study the invitation letter, but due to April having many holidays that results in a large number of SET listed companies holding their meetings after Songkran, then the company considers to set the meeting previously in order to have more shareholders attend.</p>
<p>Board Responsibilities: The Chairman of the company should be an independent director.</p>	<p>The Chairman of the company is Mr. Kraisorn Chansiri, who founded the company and holds the position of major shareholder, resulting in a lack of qualifications as an independent director. However, the Nomination and Remuneration Committee had considered, then gave their opinion that he has lengthy experience and vision, can control and ensure that all directors are expected to participate in a corporate culture that promotes ethical and good governance. You can control the meetings as beneficial to the organization. All this can be proven by the work of the past 30 years, with the company going from a market value of THB 20 billion to become THB 100 billion. The company has been steadily growing until now.</p>
<p>An independent director should not remain in the position of Director of the company for more than nine years.</p>	<p>Although Mr. Sakdi Kiewkarnkha has been an independent director of the company for 18 years, his commitment and his capabilities, which can be verified by the Audit Committee Report, make the Board of Directors feel confident that he will definitely not create the state of being non-independent, not to mention the other three independent directors who have not been with the company for very long, thus the Board believes that checks and balances will be properly implemented.</p>

PRINCIPLES/GOOD CORPORATE GOVERNANCE OF THE STOCK EXCHANGE OF THAILAND	THE COMPANY'S EXPLANATION
Each of the company's directors should regularly attend meetings (at least 75 percent of all meetings).	Since one member of the Board of Directors has been appointed by our business alliance of more than 25 years, Mitsubishi Corporation, represented by Mr. Kiyotaka Kikuchi, who reside in Japan, it is unavoidable that he could not attend meetings as scheduled. Nevertheless, the company sent the meeting agendas along with supporting documents to all directors and made opportunities for directors to question and comment directly to the Group Chief Financial Officer of the company before the meeting days.
The board should have at least one woman as an independent director.	The company has a policy of diversifying the structure of the Board, professionally and in terms of skills, specializations, and gender, because currently the company has a sufficient number of directors. When the company has the opportunity to nominate directors, it is ready and willing to have an independent woman director on the committee.
The board should appoint Corporate Governance Committee	The company is being studied and considered accordingly.
Companies should provide project grants to executives to purchase shares of the company for the period of three years and set the exercise price higher than the market price at the time of allocation of rights, including no significant concentration up to 5 percent.	The company is being studied and considered accordingly.



To comply with the principles of Corporate Governance Code (CG Code) for listed companies of the Securities and Exchange Commission as well as the business leadership concept, and delineated as the Board's roles and responsibilities for the company's long term sustainable value creation. In this regard, the value created should not only be good for the company but also for its shareholders, stakeholders, the capital market and the society at large. This report sets out the guidelines for the directors with eight principles as follows;

- Principle 1 : Establish Clear Leadership Role and Responsibilities of the Board
- Principle 2 : Define Objectives that Promote Sustainable Value Creation
- Principle 3 : Strengthen Board Effectiveness
- Principle 4 : Ensure Effective CEO and People Management
- Principle 5 : Nurture Innovation and Responsible Business
- Principle 6 : Strengthen Effective Risk Management and Internal Control
- Principle 7 : Ensure Disclosure and Financial Integrity
- Principle 8 : Ensure Engagement and Communication with Shareholders

## **PRINCIPLE 1 : ESTABLISH CLEAR LEADERSHIP ROLE AND RESPONSIBILITIES OF THE BOARD**

The Board of Directors is authorized to manage the company in conformity with objectives, regulations and shareholder resolutions with honesty, in good faith, and for the best interests of the company. Additionally, the Board of Directors is responsible for setting corporate policy and direction as well as ensuring that the management implements the policy effectively and efficiently.

Board members are required to disclose any material interests in transactions or contracts which the company enters into and increase/decrease in share/debenture ownership in the company or its subsidiaries during any fiscal year. The Board of Directors is authorized to implement and direct the company's activities except for the following issues, which require prior shareholder approval:

- 1) Any issue that requires shareholder approval, pursuant to the law;
- 2) Altering the company's par value or registered capital;
- 3) Increasing the company's Board members.
- 4) Any deed that yields the Board of Directors a

gain or loss or any deed that is obliged, by SET regulations, to have shareholder's approval.

The Board of Directors is responsible to the shareholders in overseeing the company's business operations and steering the company towards the agreed targets and on a path that maximizes shareholders' long term benefits, with consideration to business ethics and fairness to all relevant stakeholders. Duties and Responsibilities of the Board of Directors are as follows:

- 1) Manage the company in accordance with the objectives, regulations, and decisions set by the shareholders' meetings, and oversees the company's business operations.
- 2) Set targets and business policies to be implemented by the management.
- 3) Develop strategies, goals, corporate policies and investment policies.
- 4) Monitors the implementation of the strategy, goals and policies to comply with the company's objectives.
- 5) Oversee the management's performance to ensure effectiveness.
- 6) Hold at least five Board meetings per year.
- 7) Hold at least one general shareholders' meeting to report the company's operating results and request approval on management matters that are beyond the scope of the directors' authorization.
- 8) Monitor operating results and the financial status of the company and its subsidiaries.
- 9) Approve quarterly and annual financial reports, information disclosure reports (Form 56-1), and the annual report (56-2), in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 10) Prepare a report on the Board of Directors' accountability for financial reporting, to be shown in conjunction with the auditor's report in the company's annual report, to give assurance that the company's financial reports are accurate and have been prepared based on standard accounting principles and consistent accounting policy.
- 11) Set up the company's internal control system, internal audit system, and an effective risk management system.
- 12) Propose the appointment of auditor and set the level of compensation as proposed by the Audit Committee.
- 13) Propose the list of directors to be replaced and their replacement to the general shareholders' meeting.

- 14) Propose the rate of meeting allowances, compensation to directors and members of subcommittees to the general shareholders' meeting.
- 15) Examine and approve matters proposed by the management committee and related to connected transactions, potential conflict of interests, purchase and sales of assets and other matters as specified in the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 16) Examine and approve the company's transactions involving legally-binding contractual obligations, debts obligations, and guarantees.
- 17) Approve the appointment and set the scope of work and compensation for the company's sub-committees.
- 18) Set the number of other companies in which President & CEO may hold position of Director.
- 19) Sets and approves a written corporate governance policy for the company and review the policy and compliance to the policy regularly, at least annually.
- 20) Sets and monitor a written code of business conduct and anti-corruption policy that all directors, executives and employees understand business ethical standards and guideline of the company.
- 21) Approve the appointment of the company's secretary.
- 22) Adhere to the Principle of Good Corporate Governance for Listed Companies, and other requirements on this subject by the Stock Exchange of Thailand and the Securities and Exchange Commission.

## PRINCIPLE 2 : DEFINE OBJECTIVES THAT PROMOTE SUSTAINABLE VALUE CREATION

The Board together sets the objectives and main goal including running business policies of company groups. In consideration of situations in each environment relating to company visions and missions. By Analysis the environment within the organization in order to know the strengths and weaknesses, get the competitive positions and analyze the environment beyond the organization, for example economic, society and environment factors, legal issues and market competition. To determine and understand the changes beyond the organization, both opportunities and obstacles for the organization including the support of innovation and technology to add the value and bring into the sustainable growth.

Analysis of changes of all these factors may affect the business and stakeholders so the board supports cultivating values to consider good corporate governance for all practices. The cooperation of all employees to help develop the organization continuously and be aware of the importance of a sustainable organization. In addition, the Board formulates strategies, policies, plans and budgets of the organization which are assigned and followed by the management to carry out the practices effectively.

## PRINCIPLE 3 : STRENGTHEN BOARD EFFECTIVENESS

The Board understands the roles and their own responsibility by dividing clearly between the Board and management to whom the Chairman and CEO are not the same persons. The Board defines the roles and controls supervision of the operation of the management for ethical practices according to the company's policy as well as not having any conflict of interest between stakeholders with the disclosure of company information completely and accurate consistently.

### 3.1 STRUCTURE OF THE BOARD AND PROPORTION OF INDEPENDENT DIRECTORS

The Board of Directors consists of experienced and knowledgeable directors in various fields e.g. engineering, business management, accounting and finance, engineering, law, and Information Technology. All of whom have attended the Direct Accreditation Program of the Thai Institute of Directors Association (IOD).

The structure of the Board of the Company in 2018 consists of five committees as follows:

1. Board of Directors
2. Audit Committee
3. Executive Directors
4. Nomination and Remuneration Committee
5. Risk Management Committee

The company has clearly established and separated the authority of each committee. The consideration of any important issues must be approved by each committee which has specific responsibilities before being proposed to the Board of Directors for consideration or acknowledgement so as to balance the power and ensure transparency and fairness to all related parties.

## PROPORTION OF INDEPENDENT DIRECTORS ON THE BOARD

BOARD OF DIRECTORS	PERSONS	PROPORTION
Executive Directors	6	50.00
Independent Directors	4	33.33
Non-executive Directors	2	16.67

## LENGTH OF DIRECTORS' TENURE

PERIOD OF TENURE	PERSONS	PROPORTION
0 - 5 years	2	16.67
More than 5 years - 9 years	3	25.00
More than 9 years	7	58.33

## INDEPENDENT DIRECTOR

Under the Corporate Governance Policy, at least one-third of Board members and not less than three persons, must be independent directors with a 3-year term of office. These directors should be qualified and independent in line with the same qualification criteria described in the Notification Governing Qualifications and Responsibilities of Audit Committee established by the Stock Exchange of Thailand. In addition, a person qualified to serve as independent director must be able to perform duties to preserve the best interests of all shareholders in an equitable manner without conflicts of interest and be available in Board meetings to give independent and unbiased opinions and judgments.

- interest, in the manner that may interfere with his independent judgment.
- 6) Not be appointed as a representative of the company's or its major shareholder's board members or a shareholder who is related to the company's major shareholders.
  - 7) Not have any characteristics which make him or her incapable of expressing independent opinions with regard to the company's business affairs.

The afore-mentioned definition of independent director is based on the Company's Corporate Governance Policy established by the Board. Moreover, the company's criteria are stricter than "the criteria" required by the Stock Exchange of Thailand and the Securities and Exchange Commission in terms of stock holding ratio.

## QUALIFICATION OF INDEPENDENT DIRECTOR

- 1) Not hold shares of more than 0.05 percent of total voting stock of TU including stocks held by connected persons of the independent director, as well as nominees.
- 2) Not be, nor have been, a major shareholder.
- 3) Not be, nor have been, a board member of its parent company or an executive director, employee, staff, advisor who receives the salary of a controlling person of TU, its parent company, its subsidiaries or its associated companies.
- 4) Not be a professional advisor.
- 5) Not have, nor have had, a business relationship with the company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of

## THE BOARD OF DIRECTORS

It is the duty of the Board of Directors to supervise the company's operations to be conducted in accordance with the laws, the objectives and the regulations of the company, the corporate governance policy and the resolutions of the Board of Directors' meetings, the company's vision, the goals, the business policy, and the direction of the company's operations. The Board of Directors also monitors the performances of the directors to ensure they are carried out with morality and effectiveness in pursuant to the stipulated policy, and to make certain that conflicts of interest shall not be made between the stakeholders of the company by disclosing the company's information in a complete, accurate and constant manner.

## THE COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is comprised of directors who are knowledgeable, experienced and competent in the various aspect the business. As at December 31, 2018, the Board of Directors was comprised of 12 members.

NAME OF DIRECTOR	POSITION	DATE FIRST APPOINTED
1. Mr. Kraisorn Chansiri	Chairman	17 March 1988
2. Mr. Cheng Niruttinanon	Executive Chairman	8 April 1999
3. Mr. Thiraphong Chansiri	President & CEO	1 January 1990
4. Mr. Chuan Tangchansiri	Executive Director	17 March 1988
5. Mr. Rittirong Boonmechote	President of Global Frozen and Related Units	5 January 1998
6. Mr. Shue Chung Chan	Executive Director	30 April 2001
7. Mr. Kiyotaka Kikuchi	Non-Executive Director	7 November 2016
8. Mr. Ravinder Singh Grewal Sarbjit S.	Non-Executive Director	15 November 2010
9. Mr. Sakdi Kiewkarnkha	Independent Director	22 August 2000
10. Dr. Thamnoon Ananthothai	Independent Director	22 March 2010
11. Mr. Kirati Assakul	Independent Director	22 March 2010
12. Mr. Nart Liuchareon	Independent Director	3 April 2015

Ms. Paralee Sukhatungka, Company Secretary

## AUTHORIZED DIRECTORS TO SIGN CONTRACTS

At least two directors of the company shall cosign and affix the company's seal, or in some cases the directors may appoint names as the authorized directors.

working with the management team, to prescreen the issues before bringing the important ones to the consideration of the Board of Directors as follows:

- 1) The Audit Committee
- 2) The Nomination and Remuneration Committee
- 3) The Risk Management Committee
- 4) Treasury Committee
- 5) Sustainable Development Committee

## SUBCOMMITTEES

The Board of Directors set up five subcommittees, that consist of the set of directors and the set of directors

## THE AUDIT COMMITTEE

Membership and meeting attendance 2018

NAME	POSITION	STATUS	MEETING ATTENDED
1. Mr. Sakdi Kiewkarnkha	Chairman	Independent Director	14/14 (100 percent)
2. Dr. Thamnoon Ananthothai	Member	Independent Director	13/14 (92.9 percent)
3. Mr. Nart Liuchareon	Member	Independent Director	12/14 (85.7 percent)



The Audit Committee was established by the approval of the Board of the Directors on 15 November 1999 for the purpose of supporting and acting on behalf of the Board of Directors to review the financial information to be presented to the shareholders and other stakeholders, and to review the risk management systems, the internal control systems, the internal audits and good corporate governance, and to control the anti-corruption measures as well as to review the financial reports' preparation for the company's transparent and trustworthy operations and disclosure of information.

The Audit Committee must be directors of the company who are qualified as independent directors and consist of not less than three members, comprised of one Chairman of the Audit Committee and two audit committee members and at least one of them must possess sufficient knowledge and experience in order to perform his/her/their duties of reviewing the credibility of the financial statements. All three are independent directors who have the qualifications required by the Office of Securities and Exchange Commission and are experts in accounting and finance, corporate management and laws. Nevertheless, all independent directors do not hold the position of director, employee or consultant of the company.

The Audit Committee shall hold at least 12 meetings per year and report their performance to the Board of Directors at least twice a year.

## ROLE OF THE AUDIT COMMITTEE

The duties of the Audit Committee are as follows:

1. Review the appropriateness of the financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, correctness, and adequacy.
2. Encourage the development of a financial reporting system equivalent to International Financial Reporting Standards.
3. Review the compliance of the company's Internal Control System with Internal Control Framework (COSO 2013) and the appropriateness and the effectiveness of the company's Internal Audit System in accordance with internationally accepted approaches and standards.
4. Review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Team to ensure that the company has sufficient internal control systems.
5. Review the presence of a proactive preventive system to enhance operating effectiveness and efficiency and review the preventive measures in the organization and review the internal processes of the whistleblower system.
6. Review the internal audit process and the corporate risk management system.
7. Review the company's Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the company's business and the resolution of the Board's meeting.
8. Review the correctness and effectiveness of the information technology system relating to internal controls, financial reports, risk management and data & network security together with suggest updates and improvements as needed.
9. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
10. Review the execution of the audit committee members' performance assessment, both as a whole and self-assessment, of the audit committee annually.
11. Review and give the opinion toward the audit practices of the Internal Audit Team and coordinate with external auditors.
12. Prepare the Audit Committee's report to be disclosed in the company's Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by the SET.
13. Consider, select and propose the appointment, or discharge an independent person to perform the duties of, the company's auditor and also propose the remuneration of the company's external auditor and evaluate the effectiveness of external auditor's performance and organize meetings with the company's external auditor, without the attendance of management, at least once a year.
14. Approve the internal audit plan, budget and manpower of the Internal Audit Team.
15. Review the execution of the Internal Audit Team for the performance assessment according to international standards.
16. Provide recommendations in respect of appointment, removal, transfer, or dismissal of the General Manager – Audit Unit.
17. Consider the independence of the Internal Audit Team based upon the execution of work, reports, and line of command.
18. Review the adequacy of the good corporate governance systems both of the domestic and foreign subsidiary companies.

19. Consider the external consultants to provide the suggestions or assistance in the operations of internal audit.
20. Review the Audit Committee Charter and Internal Audit Charter to be the proper charter at least once a year.
21. Visit the business units of the company and the domestic and foreign subsidiary companies to review the risk management and internal control systems, the important operational systems and regulations as well as problems and comments of the external auditors and the internal audit team.
22. Review the Company's Anti-corruption procedures to ensure the effective compliance with the governance bodies' guidelines starting from assessing the risks, strengthen internal control system, auditing, as well as reviewing the self- assessment form regarding anticorruption measures as assessed by Audit Unit, and to ensure that the Company has exercised the Anti-corruption systems as reported in the self-assessment form guided by Thai Institute of Directors (IOD).
23. Perform other actions as required by law or as assigned by the Board of Directors under the consent of the Audit Committee.

To fulfill its duties under its scope of responsibilities, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the company's expense.

The Audit Committee performs duties within its responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the company's operations and is directly accountable to shareholders, stakeholders, and the public.

## RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for the business operations of the company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.
2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the company, the Audit Committee is to report such events to the Board of Directors in order to find a remedy within a period deemed appropriate by the Audit Committee:
  - 2.1 Transaction which may cause conflicts of interest.
  - 2.2 Fraud or irregular events or material flaws in the internal control system.
  - 2.3 Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the company's business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

Details of the operations of the Audit Committee have been disclosed in the Audit Committee Report on page 94

## THE NOMINATION AND REMUNERATION COMMITTEE

Membership and meeting attendance 2018

NAME	POSITION	STATUS	MEETING ATTENDED
1. Dr. Thamnoon Ananthothai	Chairman	Independent Director	2/2 (100 percent)
2. Mr. Sakdi Kiewkarnkha	Member	Independent Director	2/2 (100 percent)

The Board of Directors has set up the Nomination and Remuneration Committee since 1 November 2010 for a period of three years for each term. The Committee is comprised of one Chairman of the Nomination and Remuneration Committee and one member of the Nomination and Remuneration Committee. Both members are independent directors and have the qualifications required by the Office of Securities and Exchange Commission. They are knowledgeable, competent and experienced and thoroughly understand their duties and responsibilities.

## ROLE AND RESPONSIBILITIES

1. Set the company's policy and criteria on the nomination and selection of candidates for the membership in the Board of Directors and sub-committees, and propose a list of candidates to the Board of Directors for approval.
2. Consider the criteria for succession for high-ranking executives.
3. Consider and propose financial and non-financial compensation for the members of the Board of Directors and sub-committees.
4. Propose compensation for the company's directors to the Board of Directors for consideration and subsequent approval by the Shareholders.
5. Propose compensation for members of the sub-committees to the Board of Directors for approval.
6. Propose compensation for the company's President and Managing Directors to the Board of Directors for approval.
7. Review proposals from the company's management about remuneration policy for staff, as well as non-wage benefits, and recommend the matters to the Board of Directors for approval.
8. Review proposals from the company's management about financial compensation and other benefits for the company's executives, and recommend the matters to the Board of Directors for approval.
9. Prepare a report on the Committee's performance to be submitted to the Board of Directors at least twice a year.
10. Carry out any other tasks related to the consideration of nomination and remuneration assigned by the Board of Directors.

Details of the operations of the Nomination and Remuneration Committee have been disclosed in the Nomination and Remuneration Committee Report on page 96

## THE RISK MANAGEMENT COMMITTEE

Membership and meeting attendance 2018

NAME	POSITION	STATUS	MEETING ATTENDED
1. Mr. Kirati Assakul	Chairman	Independent Director	4/5 (80 percent)
2. Mr. Sakdi Kiewkarnkha	Member	Independent Director	4/5 (80 percent)
3. Dr. Thamnoon Ananthothai	Member	Independent Director	5/5 (100 percent)
4. Mr. Thiraphong Chansiri	Member	Executive Director	5/5 (100 percent)
5. Mr. Shue Chung Chan	Member	Executive Director	5/5 (100 percent)

The Board of Directors has set up the Risk Management Committee since 1 November 2010 for a period of three years for each term. The Committee is comprised of three independent directors, two directors, and the chief executive administrators of main business while most of the directors are independent directors whose qualifications meet the standards required by the Office of Securities and Exchange Commission. They are also knowledgeable, competent and experienced and thoroughly understand their duties and responsibilities.

## ROLE AND RESPONSIBILITIES

1. Establish the risk management policy and framework.
2. Continuously monitor and develop the risk management framework and risk management process of company and its subsidiaries, aligned with international guidelines.
3. Oversee the continuous activities of assessment, analysis and review of the Company and its subsidiaries' significant risks, under normal and crisis condition.
4. Consider and provide comment on the company's risk appetite and risk assessment criteria.
5. Acknowledge and provide comment on the adequacy and appropriateness of risk assessment results and mitigations.
6. Oversee the implementation of risk management, aligned with the risk management framework.
7. Regularly report the company's significant risks, mitigations and improvement to the Board of Directors.
8. Encourage risk management culture and cooperation in the company and its subsidiaries.
9. Oversee and support risk management function to be aligned with the company's policies and objectives.
10. Communicate and share the information of significant risks and mitigations with Audit Committee at least yearly.
11. Provide comments and recommendations on the use of external advisor regarding risk management framework, scope and implementation.
12. In case of workload over resources of Risk Management Department, provide comments and recommendations on the use of external service provider in assisting risk management function.
13. Carry out any tasks related to the consideration of risk management assigned by the Board of Directors.

Details of the operations of the Risk Management Committee have been disclosed in the Risk Management Committee Report on page 136

## TREASURY COMMITTEE ("TC")

The Board of Directors approved setting up the Treasury Committee, which will have direct responsibilities for oversight of the risk management policy and procedures. This includes providing advice and authorizing the treasury execution team to minimize such financial risks to acceptable levels due to the fact that the main Thai operations for Thai Union Group has been gradually exposed to increased foreign exchange risks, interest rate risks, funding and refinancing risks, liquidity risks, counter party credit risks, and operational compliance risks from the expanding business. Therefore, the impact from financial risks can have a significant effect on the Group's financial performance.

The composition of the Treasury Committee will be (1) Chairman, (2) CEO, (3) President of Global Frozen and Related Units, and (4) Group CFO. It is scheduled for the Treasury Committee to have an annual meeting to review treasury policy. Any special meeting can be requested to approve any activities which are considered risky and over the authorization limit of the Treasury execution team.

## ROLE AND RESPONSIBILITIES

The treasury committees are collectively responsible for developing Thai Union Group's financial risk management principles and expectations as well as defining Thai Union Group's acceptable risk appetite and tolerance, approve policy and procedures and monitor and enforce compliance with the policy and procedures.

1. Identify the financial risks to the Group and ensure that procedures are established to mitigate the impact of the risks for the best benefit of the Group.
2. Oversight of the risk management policy and processes adopted by the company, approve and authorize the policy.
3. Delegation of these Policy Limits to the Execution Team.
4. Ensuring compliance with the terms of policy.
5. Minimum annual review of policy limits.



## SUSTAINABLE DEVELOPMENT COMMITTEE

The Board of Directors has approved to the set up of the Sustainable Development Committee of which Mr. Thiraphong Chansiri is the Chairman, Mr. Cheng Niruttinanon is the Committee's consultant and the chief executive administrators of the main business are the committee whose duties will be planning policies of the sustainability of the company, monitoring and encouraging the operation of the five groups including the working group for Corporate Social Responsibility, Ethical Labor Practice, Human Capital Development, Energy, Environment & Climate Change, and Sustainable Supply Chain, while the Sustainable Development Working Group will be responsible for coordinating the work of five groups and affiliated companies both in country and overseas.

## SEPARATION OF ROLES AND DUTIES OF THE BOARD OF DIRECTORS

The company clearly specifies and separates the power of the Board of Directors from the management in each level. The consideration of any important issues must be approved by the Board of Directors and subcommittee so as to balance the power and ensure transparency and fairness to all related parties.

## SEPARATION BETWEEN CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Chairman and Chief Executive Officer of the company is not the same person, clearly separating between policy and management.

## ROLE AND RESPONSIBILITIES OF CHAIRMAN OF THE BOARD OF DIRECTORS:

1. The Chairman of the Board of Directors meeting has to preside over the meeting, except if they are absent or cannot perform their duties.
2. Consider the agendas of the Board of Directors meeting.
3. Oversees policy advocacy and strategic performance of the company's management but shall not practice in the daily operations.
4. Monitor the meeting effectively according to company policy and encourage all directors to

express their opinions independently.

5. Support and encourage the Board of Directors' duties, responsibilities and the principles of good corporate governance.
6. Oversees and follows up on the performance of the Board of Directors and other sub-committees to achieve the company's objectives.
7. Decides in the case that the Board of Directors meeting votes are equal.

## ROLE AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER (CEO)

The Chief Executive Officer is designated by the Board of Directors as an authorized person to manage, including policy-making, decision-making and corporate decision-making of the following:

1. Administering the company's business and day-to-day operations to be in line with the objectives, articles of association, policies, rules, regulations, instructions and resolutions of the Board of Directors Meeting and/or resolutions of the Shareholders Meeting.
2. Arrange to prepare the company's business policies, business plans and budget to be proposed to the Board of Directors for approval and has a duty to report the progress on such approved business plans and budget to the Board of Directors.
3. Ensure the company's overall business growth is in accordance with the company's objectives and business plans.
4. Authorized to act on the company's behalf to enter into contractual arrangements as prescribed in the company's policy and procedures regarding the operational approval authority.
5. Ensure good governance, compliance with the law, ethical standards and anti-corruption policy.
6. Maintain good relationships with stakeholders.
7. Communicate effectively in a positive image with the public, shareholders, customers and stakeholders.
8. Manage the company's HR operation to issue / amend / add / update rules and regulations and personnel policies and procedures.
9. Be authorized to sub-authorize and/or delegate other persons to perform specific duties on his behalf. Such sub-authorization and/or delegation shall be within the scope of authorization or delegation in accordance with the power of attorney granted, and/or shall be in accordance with the internal regulations, rules or instructions given by the Board of Directors and/or the company. The authorization of duties and

responsibilities of the CEO shall not constitute an authorization or sub-authorization which may cause the CEO or his authorized person(s) to be able to approve any transaction in which they, or any person who may have a conflict of interest, may have an interest or may gain benefit in any manner, or in which they may have any other conflict of interest with the company or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the Shareholders Meeting or the Board of Directors Meeting.

Therefore, the Chief Executive Officer is also required to hold a position of director of no more than three companies in non-affiliated companies, and holding such positions must not affect the performance of the CEO duties.

## EXECUTIVE DIRECTORS AUTHORITY OF EXECUTIVE DIRECTORS

1. Implement the company's policy, which includes obligations to laws, conditions, regulations, and rules of the company, except for those issues subject to the consent of shareholders.
2. Set, propose and devise business policy and strategy to the Board of Directors.
3. Set the business plan, business management authority, annual budget estimation, and budget allocation to the Board of Directors for review and approval, as well as follow the business plan and strategy in accordance with the corporate policy and business guidelines to propose to the Board of Directors.
4. Handle general business administration, set up organization and management structures to cover all aspects of personnel recruitment, training, employment, and employment termination.
5. Approve credit facility requests made to financial institutions, including giving collateral or making any payment for normal business transactions, e.g. payment made for branch expansion investment or any regular business operations. The approval of the said credit facility must involve not over THB 200 million or equivalent in value, or the value as approved by the Board of Directors. However, the credit facility value allowed for approval may be subject to change as deemed appropriate depending on the consideration of the Board of Directors.
6. Appoint or dismiss any employee holding a position lower than managing director.
7. Perform other duties as assigned by the Board of Directors.

In addition, the above-mentioned approval authorities must not be in nature of any business transactions that allow executive directors, or their authorized persons, to grant further approval for transactions that involve a conflict of interest, vested interest, or any other forms of conflicts of interest (according to the company's articles of association and pursuant to the Notifications of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand) with the company or its subsidiaries. An exception is made for approval given for business transactions in accordance with corporate policy and criteria approved by the Board of Directors, provided that executive directors with vested interest in such issues are not eligible for voting rights. The Board of Directors is authorized to make changes to the authority of the executive directors as deemed necessary or appropriate.

## 3.2 CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors has the duties to oversee policy advocacy and the strategic performance of the company's management but shall not practice in the daily operations, monitors the meeting effectively according to company policy and encourages all directors to express their opinions independently, supports and encourages the Board of Directors' duties, responsibilities and the principles of good corporate governance, and decides in the case that the Board of Directors meeting votes are equal.

## 3.3 THE NOMINATION OF DIRECTORS AND TERMS OF THE DIRECTORS

### NOMINATION PROCESS

The Nomination and Remuneration Committee is responsible for nominating the director, who has the knowledge, capability, work experience, integrity, ethics and dedicates the necessary time for the company to share the skill and experience in business and working for the company. The objective is for the Board's composition for business direction and must not have any prohibited qualifications stated in the Public Company Act B.E. 2535 and other related laws. The directors must contribute their time and knowledge in their performance for the company.

The Nomination and Remuneration Committee shall propose to the Board for a director, whose qualifications are deemed appropriate and qualified pursuant to the Public Companies Limited Act. as follows;

- Directors may be re-elected after the expiration of the term of office except when the director position becomes vacant not by rotation, the Nomination and Remuneration Committee will be nominating a suitable candidate and propose to the Board of Directors' Meeting in order to appoint a substitute director to fill the vacant position as required by the Articles of Association. A substitute director appointed to fill an interim vacancy shall be in the office only for the remaining tenure.
- In every Annual General Meeting of Shareholders, one-third of directors are to retire. If the number of the directors is not divisible, the number of retiring directors is to be closest to the one-third ratio. The Nomination and Remuneration Committee will nominate candidates for consideration of the Board of Directors before being proposed to the Annual General Meeting of Shareholders for election to replace the directors who retire by rotation according to criteria and procedures set forth below.
  1. Each shareholder has a right to vote in proportion to share volume owned; the principle of "one share, one vote" is applied.
  2. Each shareholder is required to cast the entire vote owned in one for one or more candidates but cannot split the vote into portions.
  3. Candidates shall be entitled to directorship based on votes received. A candidate with maximum votes is first entitled to directorship and followed by the other candidate with less votes, respectively. As a rule, the number of newly appointed directors must not exceed the number of new directors intended in that election.

Shareholders, if necessary, may pass resolutions to remove any director prior to the statutory expiration of their office term provided (a) three quarters of majority votes of all shareholder's present at a meeting is recorded; and (b) the aggregate share volume owned by shareholders in (a) must be greater than half of the aggregate share volume owned by all shareholders present at the meeting. Such a case shall be effective only when the qualifications of all Board members and the management comply fully with Section 68 of the Public Companies Limited Act of 1992 and the SEC's Regulation Governing the Rules, Conditions and Procedures for the Securities Offer and Permission dated 18 May 1992.

In 2018, in the Annual General Meeting of Shareholders on 5 April 2018, there were four directors who retired by rotation, namely:

1. Mr. Kraisorn Chansiri
2. Mr. Rittirong Boonmechote
3. Mr. Kirati Assakul (Independent director)
4. Mr. Ravinder Singh Grewal Sarbjit S.

In the Annual General Meeting of Shareholders 2018, the resolution was passed by the majority of votes of all the votes of the shareholders attending the meeting and having the right to vote to reappoint all the four directors for another term of office.

The Board of Directors shall appoint any person deemed professionally recognized and qualified to act as an independent director provided that the appointee is (a) not an employee or staff member receiving a regular salary from the company or its subsidiaries; (b) independent of major dominant shareholders; (c) a shareholder of not more than 0.05 percent of the respective paid-up capital of the company; and (d) able to equally protect the interests of minority shareholders. The Board of Directors shall consider and vote to appoint qualified candidates and seek further approval during a meeting of shareholders.

## TERMS OF THE DIRECTORS

According to the Regulations of the company, in each Annual General Meeting of Shareholders, it is required that the directors who hold the position for the longest period shall leave their position to make up 1/3 of the total number of the directors. If the total number of directors cannot be divided by three, the number of directors to leave the position shall be closest to 1/3 of the total number of directors.

In the case that a position of director has been deposed due to factors other than expired tenure, the resolution of the Board of Directors shall be based on votes of no less than three quarters of the remaining directors in order to select an individual who is qualified and does not have any characteristic trait that is prohibited by the laws of a public company, to be a substitute director for the next Board of Directors' Meeting, except in the case where the term of the said director has less than two months remaining, such person shall hold the position of director for the remaining term of the substituted director.

## AGE AND TERM LIMITS

The Board of Directors believes that having experienced directors who continuously work with the company increases the value of the company, thus age and term limits have not been applied.

The regulations of the company have been disclosed on the company's website: [www.thaiunion.com](http://www.thaiunion.com) at Investor Relations -> Corporate Information

### 3.4 REMUNERATION FOR DIRECTORS

- Directors are remunerated in the form of a monthly retainer, meeting allowance, and director's bonus comparable in average to the general practice in the industry, suitable for the scope and amount of assigned responsibilities, and with shareholders' approval. Aside from the preceding meeting allowance, directors are not

additionally remunerated from the company's subsidiaries.

- Executive directors are remunerated in the form of a monthly retainer, meeting allowance, salary, provident fund matching contribution and annual bonus based mainly on the operational performance of the company and work performance of each director.
- Aside from the preceding monetary remuneration, there is health insurance coverage up to 700,000 baht (for directors who are younger than 70-years-old and a resident in Thailand only).

NAME OF DIRECTOR	POSITION	MONTHLY RETAINER, MEETING ALLOWANCE, AND DIRECTOR'S BONUS
1. Mr. Kraisorn Chansiri	Chairman	3,113,076.00
2. Mr. Cheng Niruttinanon	Executive Chairman	1,571,538.00
3. Mr. Thiraphong Chansiri	President & CEO	1,666,538.00
4. Mr. Chuan Tangchansiri	Executive Director	1,586,538.00
5. Mr. Rittirong Boonmechote	President of Global Frozen and Related Units	1,586,538.00
6. Mr. Shue Chung Chan	Executive Director	1,666,538.00
7. Mr. Kiyotaka Kikuchi	Non-Executive Director	1,511,538.00
8. Mr. Ravinder Singh Grewal Sarbjit S.	Non-Executive Director	1,586,538.00
9. Mr. Sakdi Kiewkarnkha	Independent Director	2,426,538.00
10. Dr. Thamnoon Ananthothai	Independent Director	2,246,538.00
11. Mr. Kirati Assakul	Independent Director	1,811,538.00
12. Mr. Nart Liuchareon	Independent Director	1,886,538.00
		<b>22,659,994.00</b>



The company considers the total amount of annual remuneration paid to the Board of Directors as not high when compared to the average amount paid by other listed companies on the Stock Exchange of Thailand, due to the company's attention to the best interests of shareholders.

The remuneration paid to the Board members in 2018 in comparison with its counterparts in 2017 is set forth below:

UNIT : MILLION BAHT		BOARD OF DIRECTORS	
	2017	2018	
Number (Person)	12	12	
Monthly Retainer/Meeting Allowance	7.15	6.91	
Director's Bonus	15.00	15.75	
<b>Total</b>	<b>22.15</b>	<b>22.66</b>	

### 3.5 SUFFICIENT TIME ALLOCATION OF DIRECTORS

#### HOLDING THE POSITION OF DIRECTOR IN OTHER COMPANIES

The company has a policy to limit the number of other listed companies in which each director may

hold the position of Director to be no more than five. Nevertheless, holding such positions shall not affect the duty and performance of the director of the company. Over the years, the Board of Directors has shown that they are able to dedicate their time for the performance of their duty. The company has continuously and regularly received useful guidance, advice and recommendations on the business operation of the company.

NAME OF DIRECTOR	OTHER LISTED COMPANY	SUBSIDIARIES OF OTHER LISTED COMPANY
1. Mr. Kraisorn Chansiri	-	-
2. Mr. Cheng Niruttinanon	-	-
3. Mr. Thiraphong Chansiri	1	-
4. Mr. Chuan Tangchansiri	-	-
5. Mr. Rittirong Boonmechote	-	-
6. Mr. Shue Chung Chan	-	-
7. Mr. Kiyotaka Kikuchi	-	-
8. Mr. Ravinder Singh Grewal Sarbjit S.	-	-
9. Mr. Sakdi Kiewkarnkha	-	-
10. Dr. Thamnoon Ananthothai	3	-
11. Mr. Kirati Assakul	1	-
12. Mr. Nart Liuchareon	-	-

## **POLICY ON THE POSITION OF THE CHIEF EXECUTIVE OFFICER IN OTHER COMPANIES**

The Board has a policy that the Chief Executive Officer is also required to hold a position of director of no more than three companies in non-affiliated companies, and holding such positions must not affect the performance of the CEO's duties. In order to enable the Chief Executive Officer to dedicate his time to the performance of his duties as the Chief Executive Officer for the utmost benefit of the company, it is the policy established by the Board of Directors that the Chief Executive Officer must not serve as a Chief Executive Officer in other listed companies.

## **BOARD MEETINGS SCHEDULES**

The Board of Directors has set the standards for a general meeting to be conducted at least five times a year in February, May, August, November and December and informs the dates of the meetings in November every year so that the directors can attend all meetings and may set additional schedule, if necessary.

## **BOARD AGENDAS**

The Chairman of the Board of the Directors and the Chief Executive Officer collaborate to set the agenda for the meeting while other directors may also present their agenda for consideration. The Company Secretary may also present agendas which are related to the rules and regulations to complete the list.

## **DISTRIBUTION OF INVITATION LETTER AND SUPPORTING DOCUMENTS**

It is the duty of the Company Secretary to distribute the invitation letter and supporting documents to the

meeting along with the agenda and the documents to the directors no less than seven days in advance, except for matters which need urgent consideration.

## **BOARD MEETINGS AND THE QUORUM**

The Board of Directors has set the quorum with a minimum of at least two-thirds of the total members of the directors in order to make a quorum. The Chairman of the Board shall be in charge and allocate sufficient time for each agenda so that the directors may express their opinions while the executives who are involved with that particular agenda present the data and information for an exchange of views. Each meeting shall last 2-3 hours.

## **BOARD MINUTES**

It is the duty of the Company Secretary to provide the minutes and present to the Chairman of the Board of Directors and to verify and deliver them to each director for comment. A meeting report shall consist of minutes of the resolutions of the meeting along with sufficient and accurate data and information.

## **MEETING ATTENDANCE**

The Directors of the company are committed and always prepared to attend meetings, including the Board of Directors' Meetings, the Sub-Committees' Meetings, and the Annual General Meeting of Shareholders. An exception is reserved only for those directors who reside abroad.

There were five meetings in 2018.

NAME OF DIRECTOR	2018 AGM (92%)	BOARD MEETING			
		2017	%	2018	%
1. Mr. Kraisorn Chansiri	Attend	6/6	100.00	3/5	60.00
2. Mr. Cheng Niruttinanon	Attend	4/6	66.67	4/5	80.00
3. Mr. Chuan Tangchansiri	Attend	6/6	100.00	5/5	100.00
4. Mr. Thiraphong Chansiri	Attend	6/6	100.00	5/5	100.00
5. Mr. Rittirong Boonmechote	Attend	6/6	100.00	5/5	100.00
6. Mr. Kiyotaka Kikuchi	Absent	3/6	50.00	0/5	0.00
7. Mr. Ravinder Singh Grewal Sarbjit S.	Attend	6/6	100.00	5/5	100.00
8. Mr. Shue Chung Chan	Attend	6/6	100.00	5/5	100.00
9. Mr. Sakdi Kiewkarnkha *	Attend	6/6	100.00	5/5	100.00
10. Dr. Thamnoon Ananthothai *	Attend	5/6	83.33	5/5	100.00
11. Mr. Kirati Assakul *	Attend	4/6	66.67	4/5	80.00
12. Mr. Nart Liuchareon *	Attend	6/6	100.00	5/5	100.00

\*Independent Directors

**Remark:** Mr. Kiyotaka Kikuchi, who reside outside the Kingdom of Thailand.

### 3.6 GOVERNANCE FRAMEWORK AND PRACTICES OF SUBSIDIARY AND ASSOCIATED COMPANIES

The Board of Directors is responsible for overseeing the policies and operations of subsidiaries and associated companies that the company has invested significantly and complies with our main business plan. In addition, the Board must control the operations of the company and subsidiaries to comply with the regulations of the SET with details summarized as follows:

1. Appoint their representative to be the director or executive of subsidiaries and associated companies in order to monitor the operation of such companies to be in line with the company's policy.
2. Monitor the operation of subsidiaries or associated companies and sets guidelines to control the operation of such companies.
3. Control the business operation of subsidiaries or associated companies to meet the policy, goals, operation plan, strategy and budget, that are approved by the Board.
4. Approve the budget, transactions of acquisition or disposition of assets, borrowing from financial institutions, lending, capital increases and decreases or business closures that may significantly affect subsidiaries or associated companies' operations.
5. The Audit Committee shall review accuracy and reliability of financial reports, internal control system, internal auditing works, related party transactions, compliance with related law and regulations as well as monitoring and controlling of subsidiaries and associated companies' operations.
6. The Risk Management Committee shall consider the policy and risk management guidelines of subsidiaries and associated companies.

### 3.7 SELF-EVALUATION OF THE DIRECTORS AND THE EVALUATION OF THE BOARD OF DIRECTORS, SUBCOMMITTEES AND CHIEF EXECUTIVE OFFICER

The company has set up a policy of self-evaluation for the Board of Directors at least once a year since 2013. The objective was to assist the directors in evaluating performance, issues and obstacles in the previous year as guidelines for improvements and a more effective performance of the Board of the Directors. The Board of Directors has assigned the Nomination and Remuneration Committee to implement the evaluation process.

1. 60 and Lower – Below Standard
2. 61 – 80% – Fair
3. 81 – 90% – Good
4. Over 90% – Very Good

The evaluation has been categorized in the following topics:

#### Directors Self-Assessment

- 1) Core Competency
- 2) Independence
- 3) Preparedness
- 4) Practice as a Director
- 5) Board Activities
- 6) Development of Organization

#### Board of Directors Performance Assessment

- 1) Structure and Qualification of the Directors
- 2) Role, Duty and Responsibility of the Directors
- 3) The Board of Directors' Meetings
- 4) Performance of the Directors
- 5) The Relationship with the Management team
- 6) Self-development of the Directors and the development of the Executives

#### Committee Performance Assessment

- 1) Committee Composition
- 2) Operating Practice
- 3) Committee Governance

#### CEO Performance Assessment

- 1) Leadership and Managerial Qualities
- 2) Strategic Direction Setting
- 3) Monitors Strategic
- 4) Planning and Performance
- 5) Board Relations
- 6) Community Relations
- 7) Management and relationship with employee
- 8) Succession Plan

- 9) Knowledge and Skills
- 10) Personal Qualification

The company secretary has sent evaluation forms of the Board of Directors to the directors, which summarized and presented the evaluation results to the Board of Directors in order to achieve the above mentioned objectives.

The evaluation of the performance was as follows:

- Director Evaluation with an average score at 91 percent
- Board Evaluation with an average score at 87 percent
- Committee Evaluation with an average score at 88 percent
- CEO Evaluation with an average score at 92 percent

### 3.8 BOARD ORIENTATION AND CONTINUOUS DEVELOPMENT OF DIRECTORS

#### ORIENTATION OF NEW DIRECTORS

The company has supplied a manual for new directors to be informed of the information of the company, the objectives, the Articles of Association, the organization structure, the rules and regulations and important policies, the operations of the company, which are necessary to facilitate the new directors to perform their duties as a director immediately and express their opinions in the meetings.

In 2018, there was no appointment of new directors so the orientation for new directors was not organized.

The Board of Directors give importance to capacity development of directors and encourage the directors to attend training courses or seminars that are beneficial for their performance. All directors are welcome to constantly improve their knowledge through training in order to effectively carry out corporate governance of the company. In 2018, Mr. Sakdi Kiewkarnkha, an independent director, attended a training seminar, "Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance", SET and "Dealing with Cyber Risk in the Boardroom", the Thai Institute of Directors (IOD). Mr. Rittirong Boonmechote, President of Global Frozen and Related Units, attended a training seminar "Advanced Master of Management Program (Class 1), NIDA"

The Directors of the company who reside in Thailand have attended various workshops conducted by the Thai Institute of Directors (IOD) and other institutions as follows:

CONTINUOUS DEVELOPMENT PROGRAM	1	2	3	4	5	6	7	8	9
Director Certification Program (DCP)		10/2001			10/2002	13/2011 2/2006 1/2013	70/2006	27/2003	
Director Accreditation Program (DAP)			86/2010	84/2010			48/2005		120/2015
The Role of Chairman Program (RCP)	15/2007					4/2001	14/2006		
The Role of Compensation Committee (RCC)						9/2009		5/2007	
Audit Committee Program (ACP)							10/2005		
Understanding the Fundamental of Financial Statement (UFS)							7/2007		
How to Develop a Risk Management Plan (HRP)						2/2012			
Handling Conflict of Interest (HCI)						4/2008			
TLCA Executive Development Program				2/2009	1/2009				
Advance Audit Committee Program (AACP)						20/2015			2017
National Director Conference (NDC)						2016 2017			
Audit Committee Forum (ACF)						2016			2016
A discussion on a corporation's preparedness for cybersecurity threats in the digital transformation Era						2016			
The Audit Committee's Role in Compliance and Ethical Culture Oversight						2017			
Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance						2018			
Dealing with Cyber Risk in the Boardroom						2018			
Preparing for cash flow statements, Ministry of Commerce						2016			
Senior Executive Program: Capital Market Academy	12/2011			25/2017					
Advanced Master of Management Program (Class 1): NIDA				2018					

#### NAME OF DIRECTORS

1. Mr. Kraisorn Chansiri, Chairman
2. Mr. Thiraphong Chansiri, Executive Director and Chief Executive Officer
3. Mr. Chuan Tangchansiri, Executive Director

4. Mr. Rittirong Boonmechote, Executive Director
5. Mr. Shue Chung Chan, Executive Director
6. Mr. Sakdi Kiewkarnkha, Independent Director
7. Dr. Thamnoon Ananthothai, Independent Director
8. Mr. Kirati Assakul, Independent Director
9. Mr. Nart Liuchareon, Independent Director



As for the capacity building of executives who are staff of the Company, the details will be included in “Human Capital Development” on page 121-122.

### 3.9 ACCESS TO NECESSARY INFORMATION

#### CONFLICTS OF INTEREST

The Board has also provided summary reports for each quarter and will publish the summary on the last day of the year in the Annual Report and the Annual Registration Statement (Form 56-1). Furthermore, the company has requested the Directors and the Executives to report to the company on gains and losses of their own or those who are related, particularly on the gains and losses which are related to the management of the business of the company and its subsidiaries in order to provide the company with information for business operations in accordance with the regulations on connected transactions, which may raise conflicts of interest and may lead to transfers of benefits of the company and its subsidiaries in compliance with Section 89/14 of the Securities and Exchange Act B.E. 2551 as amended by the Securities and Exchange Act (No.4) B.E. 2551 and the Notification of the Capital Market Supervisory Board No. TorChor. 2/2552 Re: Report on Interest of Directors, Executives and Related Persons which stipulates that a director and an executive shall file with the company a report on his interest or a related person's interest in relation to management of the company.

The Board of Directors has stipulated the measures to take care of and monitor transactions which may present conflicts of interest as well as connected transactions by prudently and independently determining the appropriateness of transactions under the framework of good corporate governance which has been constantly practiced for the benefits of the company as if transactions have been conducted with third parties.

#### THE COMPANY SECRETARY

The Board of Directors has made a resolution to appoint a Company Secretary on December 14, 2007. The selected candidate was Mrs. Paralee Sukhatungka, 51, who holds a Master's Degree from the Faculty of Commerce and Accountancy, Thammasat University and attended the training of Company Secretary Program and Anti-Corruption

- The Practical Guide 2016, conducted by the Thai Institute of Directors (IOD). Mrs. Paralee will provide support and assistance to the activities of the Board of Directors for the right direction of corporate governance with more accuracy, transparency and efficiency. The assignments under her roles and responsibilities are as follows:

- Taking care of and arranging the Shareholders' Meetings, writing the Meeting Reports, and securing them in a safe place and arranging them in a chronological order.
- Taking care of and arranging the Board of Directors' Meetings and writing the Meeting Reports and compiling related documents.
- Ensuring that the Board of Directors performs under the laws and the related regulations.
- Suggesting guidelines related to corporate governance to the Board of Directors and the Executives.
- Being in charge of reports and disclosures in accordance with the laws.
- Monitoring to ensure implementations are carried out in accordance with the resolutions of the Board of Directors' Meetings and the resolutions of the Shareholders' Meetings.
- Implementing all matters with accuracy and completeness in accordance with the Public Limited Companies Act, the Securities and Exchange Act, the Announcement and Regulations of the Capital Market Supervisory Board, including laws and other related rules.

#### PRINCIPLE 4 : ENSURE EFFECTIVE CEO AND PEOPLE MANAGEMENT

The Board of Directors gives importance to personnel who will be in top executive positions, which are important management positions such as Chief Executive Officer including other positions equivalent to the Managing Director of subsidiary companies by considering knowledge, ability, experience that is consistent with the strategy and goals of the company. Therefore, the Board of Directors must oversee the recruitment of such personnel appropriately.

## MANAGEMENT TEAM

As at 31 December 2018, the company's management team, as defined by the Securities and Exchange Commission, consisted of the following persons;

NAME	POSITION
1. Mr. Thiraphong Chansiri	Chief Executive Officer
2. Mr. Rittirong Boonmechote	President of Global Frozen and Related Units
3. Mr. Shue Chung Chan	Group Director, Human Resources
4. Mr. Joerg Ayrle	Group CFO
5. Dr. Darian McBain	Global Director, Corporate Affairs & Sustainability
6. Dr. Tunyawat Kasemsuwan	Group Director, Global Innovation
7. Mr. Leonardus Coolen	Managing Director, Marine Ingredient
8. Mr. Sanjeev Pant	Managing Director, Emerging Market
9. Mr. Patrick Bertalanffy	Group Director, Strategy Business Development
10. Ms. Arunrat Surattanajindaporn	Assistance General Manager, Group Accounting and Control

### 4.1 SUCCESSION PLANNING FOR TOP EXECUTIVE POSITIONS

The Board of Directors has recognized the importance of the succession planning in the top executive administration of the organization, particularly for organizing the leadership position as Chief Executive Officer (CEO) and President of Global Frozen and Related Units. Including the top administration position of the company in each region, which is an important part to be successful in the organization. By implementing a Human Resources Department coordinator to consider criteria and succession planning both foreign and domestic would keep the confidence high for stakeholders.

The company has a policy to review the critical positions in the organization, the direct affect to business profits and corporate goals. The procedure is to consider the positions systematically each year

so that it will be used in succession planning both long and short term.

The Human Resources Department will coordinate the succession plan by arranging a joint meeting between key management and top HR management, both to strengthen business potential and reduce operation risks.

The succession planning for Thai Union is divided into two categories as follows:

1. Succession planning for critical positions to insure success for the business is to plan for a successor depending on the readiness of the position, which is divided into three groups as follows:
  - a. Short term: Ready Now or ready within 1 year
  - b. Mid-term: Ready within 2-3 years
  - c. Long term: Take more than 3 years to be ready
2. Succession for Emergency Plan: Preparation of an emergency successor candidate in a critical

period. The company encourages individual parties to name a successor in the event of an emergency. It can be divided into sections and each section has the name of the responsible appointee.

Succession planning in this category will have Group Corporate, Regional and Business Categories.

## 4.2 COMPENSATION STRUCTURE AND PERFORMANCE EVALUATION

### COMPENSATION STRUCTURE

Preparation process for succession planning of the position will be parallel with the Talent Review Process and Individual Development Plan. Human Resources in cooperation with the management of each department will jointly evaluate an employee's potential and individuality. They will develop a clear plan, especially for the successor. Moreover, any employees who have high potential will provide analysis in capabilities in order to advance the development plan, including employees being informed of career goals and employees expectations throughout monitoring and evaluation of their development frequently.

The payouts policy for both short and long term is consistent with the results of the company's operations by targets and measures each year in accordance with the company's long-term strategic plan, called Enterprise Objective. The measurement has four elements as follows:

1. Drive Superior Financial Performance - driving excellence in financial management and capital efficiency usage.
2. Accelerate Growth - focused on the current business's breakthrough growth and investment acquisition and expansion.
3. Drive Global Integration and Talent Development - marshal a global organization to increase the competitiveness of the business and to develop high-potential employees.
4. Build Differentiated Capabilities - to be a leader of the industry of sustainable development, innovation and quality.

The company has determined the executive compensation as follows:

- Overall compensation to be in line with the same industry.

- The rate of bonus payments for the targeted achievement for both employee and company, the Executives will receive the bonus money at the rate of 25-30 percent of annual salary.

## PERFORMANCE EVALUATION

Assessment of Business and Individuals goals are managed under Performance Management Process (PMP) for Senior Managers and Managers at Thai Union. This process is set across the organization in order to achieve the same direction of Thai Union's vision and yearly enterprise objectives with the three main objectives:

- Align individual goals with enterprise objectives and key initiatives to deliver the budget
- Monitor progress and action plan on individual goals
- Reward individual contribution

Enterprise Objectives are cascaded to each Business Unit and Group Corporate function. These Business / Functional objectives are supported by a list of initiatives led by Business Leaders and Head of Group Function. The main and most critical initiatives are translated into Individual Business Goals during the goals setting step of PMP, in early January, and included behaviors and development goals to ensure managers embed the six values of Thai Union.

After sign-off, these goals are reviewed during the year and, finally assessed by Top Management to evaluate the Individual Performance of each Senior Manager.

Self-assessment and calibration are used to fuel the end-year review in order to pay for performance.

## REMUNERATION FOR MANAGEMENT

The management team is remunerated in the form of salary, provident fund matching contribution and annual bonus based mainly on the operational performance of the company and work performance of each management member. Overall compensation will be in line with the industry. The rate of bonus payments for the targeted achievement for both employee and company, the Executives will receive the bonus money at the rate of 25-30 percent of annual salary.

The remuneration paid to the management members in 2018 in comparison with its counterparts in 2017 is set forth below:

UNIT : MILLION BAHT		MANAGEMENT TEAM	
	2017	2018	
Number (Person)	11	10	
Salary/Annual Bonus	141.81	145.17	
Provident Fund Matching Contribution	6.42	5.64	
<b>Total</b>	<b>148.23</b>	<b>150.81</b>	

## PRINCIPLE 5 : NUTURE INNOVATION AND RESPONSIBLE BUSINESS

The Board perceives the importance of the sustainability, that will set the standard for economic responsibility, social and environmental following the United Nations' Sustainable Development Goals. To becoming the world's most trusted seafood leader, sustainability underpins our core business functions and serves as a measurable standard to which the company aligns key decisions and practices. Aiming to take a leading role in supporting the seafood industry's sustainability objectives, the company committed to the global sustainability strategy which can be classified into four areas as below.

1. Responsible Sourcing
2. Safe and Legal Labor
3. Responsible Operations
4. People and Communities

### 5.1 PROMOTE INNOVATION AND RESPONSIBLE FOR THE STAKEHOLDERS

The Board perceives the importance to promote innovation. The company is committed to being the seafood industry's leading agent of change. Innovation is a strategic cornerstone of Thai Union. This will help drive sustainable growth and play an important role in shaping the future of the company. The Global Innovation Center (GIC) is a world -class R&D facility to develop new products, packaging and processing, and thus add more value to the company's seafood business. The GIC's main R&D facility, located in central Bangkok, conducts research related to fundamental studies of raw

materials, new processing technology, and utilization of rest-raw materials to create added value. The main focus is on 1) enhancing product quality, nutritional value and consumer satisfaction; 2) accelerating sustainability through smarter utilization of fishery resources, optimization of processes and technology, and value creation of products, and 3) creating new corporate revenue streams from research and development tailored for new business growth.

The GIC leverages public and private partnerships with industrial entrepreneurs, government, and academia by innovating together and coordinating knowledge between academia and industrial entrepreneurs for the goal of the innovation to benefit the public.

### 5.2 RESPONSIBLE OPERATIONS FOR SOCIETY AND ENVIRONMENT

The Board perceives the importance of the right of all stakeholders and equitable treatment, as the company foresees the importance of their support and the mutual cooperation between the company and the various groups of stakeholders, in that it can secure long-term business wealth, employment, financial stability and implementation to further the company's objectives, goals, and strategies in support of sustainable value creation. Therefore, the Board is urging management to adopt responsible operations with high ethical, environment and society standards. Also, to adhere to equitable treatment of all stakeholders as well as ensures that effective administration of internal controls and compliance controls are established and maintained, as summarized below.

## RESPONSIBILITIES TO SHAREHOLDERS

The company is determined to represent all shareholders efficiently through generating maximum long-term returns on investment and is committed to conducting business with transparency, to put in place reliable financial and accounting systems, and to deliver optimum shareholder satisfaction with regular and sustainable strong operational performance and continued growth. The executive board and all employees shall perform duties with integrity and make decisions in good faith and in fairness to major and minor shareholders alike, as well as for the good of relevant parties. They shall refrain from any activities that could cause conflicts of interest and serve self-interest. Confidential information shall not be divulged to outside parties while simultaneously paying attention to accurate, complete and punctual disclosure of material information to all shareholders in response to their unwavering trust and support given to the company and provide the investment returns that satisfy the shareholders the most.

## RESPONSIBILITIES TO EMPLOYEES, STAFF, AND WORKERS

The company treats employees equitably and fairly with no discrimination against nationality origin, religion, gender, marital status, language, or workforce rank, not associating with forced labor, child labor, human trafficking, and not supporting bribery or any form of corruption.

The company has an employee's compensation management policy to retain capable employees who are attracted towards the organization and focus on performance-based compensation in consideration of fairness within the organization, throughout the competitiveness in the labor market, as well as cultural, rules and regulations to be consistent with the mission and values of the organization. The company sets the appropriate compensation comparable to compensation paid in the same industry by considering knowledge, experience and performance of individual employees, combined with parity within the company's evaluation based on responsibility, task complexity, work experience and skills. In addition, the company has set the compensation management policy based on the employee's performance and operation's performance as motivation for performances.

## COMPENSATION TO EMPLOYEES, STAFF, AND WORKERS

The company has provided fringe benefits which exceed the legal requirements i.e. provident fund, annual health check, health insurance plans, life insurance, accident insurance, gym and recreational activities so that employees can relax from work. The company has allocated significant long-term benefits that help employees and their families' livelihood after retirement from the job in the form of a retirement pension, while the most important thing is that each year the company sets aside funds to ensure that the company can pay compensation to employees in accordance with their rights in the future to encourage employees to prepare financially in advance before entering retirement. Furthermore, the company has joined with the Social Security Office to hold a training course on the philosophy of the sufficiency economy and saving for retirement for employees that are also considered to maintain the income of employees in the form of wages and benefits with an extending coverage insurance policy affected by business which will cover additional expenses in case of relocation of production bases. This will cause the company to have to pay the expenses of employees, such as accommodation, moving fee, and additional benefits, etc.

Compensation of employees is as follows:

1. Compensation relating to the short-term business performance including salaries, which have increased the rate of one time per year, annual bonus, provident fund that is available to employees at all levels by contributions from 2.5 percent to 10 percent of salary depending on the length of employment. In 2018, the company contributed THB 47.12 million to the provident fund for employees.
2. Compensation relating to the long-term business performance, including of retirement paid to the conditions set forth in the Employee Handbook. The company has set aside money for retirement for 2018 in the amount of THB 79.30 million and in 2018, the company has paid money for employee retirement totaling THB 23.54 million.

## HUMAN CAPITAL DEVELOPMENT

The policy of development of employees is to help unlock the potential in people and improve the value of resources of the organization. We believe that all personnel have the ability or an advantage of



their own. The company will help every employee to bring out their strength for the benefit of themselves and the organization, so that everyone has an opportunity for self-development and career advancement.

Developing people at every level is part of the company's core strategy and an ongoing commitment from senior management. We focus on providing training and staff development by focusing on the changing attitude and practices in order to provide organizations with international standards by incorporating classroom training and coaching, giving feedback and applying real on-the-job training: On-the-job training through training and development is done through these various methods:

- An on-boarding process that facilitates a warm welcome, a smooth transition and a foundation for long-term success.
- Vocational, corporate values, cross cultural and Code of Conduct classroom training led by internal and external experts for employees so they can access the information and resources they need to become leaders in excellence.
- Mentoring, coaching and feedback mechanisms to provide support and build leadership capacity.
- Cross-functional projects to promote knowledge building, sharing and collaboration.
- Stretch assignment with coaching and learning resources available to foster growth.
- Job rotations to support skill set expansion and motivate inspiration, connections, including developing a long-term broad vision.
- International project assignments to enhance cultural competencies and language skills, adding value to current and future roles; and
- A structured and personalized follow-up process to access the Global Talent Development Program's impact and track talent development progress.

Details of staff and management training in 2018 for Leadership, Industrial standard, Professional skill and on-the-job training are as follows:

Total hours of training: 328,950 hours.

Average number of hours per employee: 23.83 hours.

Moreover, the company stresses the importance of communicating information concerning its business to all employees, such as when the CEO meets employees every six months to announce the annual targets, which also helps life spirits and morale.

## RESPONSIBILITIES TO CUSTOMERS

The company's policy is to treat customers with the following responsibilities:

- The company has produced quality food under Food Safety and traceability under standardized manufacturing process technology and other appropriate technology, including the development of new products and processes to ensure customer benefit and satisfaction.
- The company determines the price of goods and services with an appropriate level of detail and quality products and services that customers demand.
- The company runs as reasonable costs as possible while maintaining quality of service standards, according to the company's customer requirements.
- The company delivers high quality products and services to meet or exceed customer expectations and on-time delivery adhering to commitments given to customers.
- The company treats customers with politeness, hospitable and honesty, pays attention to every customer with fairness, equality without bias.
- The company complies with the contract terms or conditions, and if not viable, will inform customers in advance and find a solution to prevent irreversible damage to stakeholders.
- The company provides information regarding the instructions on the product features and specifications of goods and services, as well as how to use. The company also keeps customers informed about the products and other services so there is no misunderstanding about the quality or condition of any products or services.
- The company focuses on maintaining the confidentiality of customer information, does not disclose customer's confidentiality or use it for their own benefit.
- The company also sets aside a special unit or appoints persons in charge of handling customer complaints and responding to those complaints without delay.
- The company will not receive bribes from customers.

## RESPONSIBILITIES TO BUSINESS PARTNERS

The company treats suppliers equitably and fairly in line with commercial conditions, is open to hear their opinions and suggestions to forge stronger business relations and places much attention on their commercial confidentiality.

The company implements its policy on selecting business partners by taking into consideration the enforcement of labor laws, the communication of the Labor Code of Conduct, the Environment, Occupational Health, Safety and Energy Conservation policies and pricing comparison or bidding by authorized personnel to ensure transparency in the procurement function.

Routine engagements have been channeled to various business functions such as marketing teams versus customers, procurement teams versus trading partners and suppliers, human resources versus employees, government relations and administrative functions versus government and local communities, finance teams versus financial markets and institutes, investor relations versus capital markets and investors, corporate communication versus media and public sectors, etc. In addition, some new key initiatives have been launched during the year, namely, deploying sustainability features and capabilities to innovate as new sources of inspiration for customers, investing in sustainability resources in partnership with international NGO(s), collaborating with academic institutions and government to strengthen the basic knowledge and science of seafood products, participating together with customers, trade associations, and business partners in various taskforces in order to tackle the challenges in natural resource and labor protection, and exchanging views and experiences about sustainable development with private institutions and regulators, etc.

## RESPONSIBILITIES TO CREDITORS

The company honestly and strictly adheres to loan agreement commitments given to respective creditors and financial institutions so as to ensure the availability of proper and fair returns on their loan investments. Furthermore, the company works to minimize its exposure to potential conflicts of interest with creditors by not omitting information or facts that may damage creditors. If the company cannot respect the conditions of the contracts, it must notify its creditors in advance to jointly solve the problems.

## RESPONSIBILITIES TO COMPETITORS

The company competes with competitors under fair commercial competition, with business ethics and in compliance with applicable legislation. The company does not seek information such as its competitors' trade secret by dishonest means, thereby having no trading disputes with any competitor.

## RESPONSIBILITIES TO THE COMMUNITY AND SOCIETY

The company realizes the responsibility to its community and society, especially for improving the lives of those living and working in the regions where it operates. The company has worked together with private sector peers, local government, international organizations and civil society, for example: Educating children of migrant workers, providing nutritional information to local communities, annual famine and disaster relief programs, as part of our commitment to support the United Nations Sustainable Development Goal (SDG) to end hunger.

### *Operational activities;*

- Preschools for children of our migrant and local workers in Samutsakhon province
- ASEAN economic community language learning center for interpreting and coordinating in communication with migrant workers.
- Pracharath project: The aim is to improve the lives of the local community as well as boost the education standards of children across Samutsakhon, Samutsongkhram, Phetchaburi, and Prachuap Khirikhan provinces consistent with the leadership project for CONNEXT ED in order to minimize inequality in society, develop people's potential and increase competitiveness for students in public schools under the Office of the Basic Education Commission. Pracharath is a project of love and unity for Samutsakorn province, supporting local businesses and helping to put them on a better commercial footing so they can help drive the Thai economy at a grassroots level, allowing small business operators to generate more income for the local community such as agriculture, agriproduct processing, and community tourism.

## RESPONSIBILITIES TO THE ENVIRONMENT

The company realizes all its responsibilities to protect the environment while managing any negative impact on the environment from all aspects of the company's operations. Sustainability objectives are goals of the company, and as the world's most trusted seafood leader it has a responsibility to set the standards for environmental protection across operations in our supply chains. SeaChange® is the company's sustainability strategy with measurable commitments to deliver real, lasting changes in the way it operates. SeaChange® aims to drive positive transformation throughout the global seafood industry. It covers every aspect of the seafood business on how to look after and maintain the oceans and how to manage waste. The core of its strategy is to promote sustainability and the ability to fully track its seafood from catch to consumption with full traceability in place. The company will be able to identify, investigate and improve performances on key issue such as labor and responsible sourcing.

### *Operational Activities;*

- Indian Ocean Tuna Purse Seine Fishery Improvement project in order to improve management of the three most important commercial tropical tuna species. With a commitment to seafood sustainability which is a part of our partnership with World Wildlife Fund (WWF).
- Capacity building program to our partner farms to help them improve their farm management practices and meet the standards of BAP, to lead environmental standards, bio-safety, and water management.
- The company, together with International Union for Conservation of Nature (IUCN), Thailand's Department of Marine and Coastal Resources, and Department of Fisheries, support various community-based initiatives in Koh Yao Yai, Phang Nga, to manage marine and coastal resources, to develop sustainable tourism and enhance livelihood resilience.
- The digital traceability pilot program will test scalable platforms for Electronic Catch Data and Traceability (ECDT) systems that utilize mobile applications and satellite connectivity for solutions pertaining to illegal fisheries, the lack of reporting and without controls. It's the first time the fishery industry in Thailand has used this communication system.
- Zero project to reduce greenhouse gas emissions.
- To use innovation and an effective management approach to reduce water use and electricity.
- To use innovative development packages to

reducing concerns about the environmental impact of things such as food waste, changing weather and plastics packaging in the oceans for the life cycle assessment project. In order to understand the process of packaging to adhere to the many standards required to protect the environment, starting with production, packaging, logistics and disposal procedures.

Other company-sponsored CSR initiatives in action through 2018 are further described under the Sustainable Development heading on page 82-85 of this annual report.

In addition, Thai Union Group's policy must comply with the legal requirements and other commitments relating to the Group. The company has prioritized developing the foundation of an environmental, occupational health and safety management system and systematically integrated environmental, occupational health and safety and energy conversation considerations into our business processes. The Group's targets for 2020 are to reduce its greenhouse gas emissions by 30 percent per ton of production, reduce water use by 20 percent per ton of production and reduce waste to landfill by 20 percent per ton of production, giving the necessary education and training. The action plan can be summarized as follows:

1. The Environmental Policy Occupational Health and Safety with focus on capacity development, as well as the involvement of employees in preventing the negative effects on the environment. (<http://www.thaiunion.com/en/about/environment-health-and-safety>)
2. The establishment of excellence in Environmental, Health and Safety Center, which has established a device comparable to international standards for the collection of knowledge about the environment, health and safety and a training center for employees.
3. Training before starting work and during operation. This training is organized to suit the nature of the staff and to ensure that employees have a better understanding of how to protect themselves from harm and reduce the environmental impact of the practice on their own.
4. Assessment of compliance with the law continued to ensure that employees have been trained or qualified by law. The company has additional training requirements by local law to begin the process of evaluating employee's potential on environmental, health and safety to ensure their appropriateness and effectiveness and how they compare to international standards.

## RESPECT OF COPYRIGHTS AND INTELLECTUAL PROPERTY RIGHTS

The company respects copyrights and intellectual property rights of others by forbidding employees from using illegal programs or software and ensuring they strictly comply with the Copyright Act B.E.2537.

## ANTI-CORRUPTION

The company received the Collective Action Coalition Certificate from Thailand's Private Sector Collective Action Coalition Against Corruption on 12 February 2018. Hence, the company has issued an Anti-Corruption Policy and Code of Conduct for Anti-Corruption, which details strict guidelines to prevent and/or deal with any corrupt activities. Further, the process of reviewing our policies and procedures are implemented on a periodic basis, in order to make sure our guidelines are up-to-date and responsive to new developments in the current business as well as changing laws, rules and regulations to which the company is subject, and to make sure that our integrity and ethical business conduct is upheld; and by which all Board members, management and employees must abide. Board members, management and employees shall perform their duties in compliance with this policy and communicate the policy to external stakeholders for corruption-related risk prevention. The company shall provide protection to Board members, management and employees who act against corruption in accordance with this Policy and respective Code of Conduct.

Anyone who violates this Policy and Code of Conduct shall be subject to disciplinary action in accordance with the company's rules and regulations.

### Role and Responsibility

1. The Board of Directors are responsible for making sure that the business conduct is transparent, accountable, and strictly in accordance with Anti-Corruption policy, respective code of conducts and procedures. The Audit Committee is responsible for: Overseeing internal controls, both financial and operational, of accounting and documenting procedures including all other anti-corruption related procedures, providing channel(s) for complaints or reports of corrupt activities, providing advice on the implementation per Anti-Corruption Policy and

Code of Conduct, and reporting finding(s) to the Board of Directors on a regular basis.

2. Management is responsible for implementing this Anti-Corruption Policy, including communication and awareness-raising among internal and external stakeholders. Proper management systems and measures must be put in place and periodically reviewed to ensure effective governance and implementation in alignment with the intent and new developments in the current business conduct as well as changing laws, rules and regulations.
3. Management and employees at all levels are responsible for mitigating and preventing corruption-associated risks in their assigned duties, and are responsible for reporting of corrupt activities.

### General Provisions

1. Board members, management and employees must agree to perform their duties and services in compliance with the company Anti-Corruption Policy; and must not allow any person, whether directly or indirectly, to exert influence on their behalf so as to engage in any corrupt practice, with the purpose of obtaining any personal or undue advantage.
2. In addition to carrying out their duties as assigned, they shall agree not to engage in any corrupt practices as mentioned in section 1, which also includes Giving or accepting gifts or hospitality, Giving or accepting cash or its equivalents, Bribing government officials or third parties or accepting or soliciting bribery, Embezzling company assets or working hours, Laundering money, Obstructing or impeding due administration of justice or judicial proceedings, Making any political contributions, whether in cash or in kind, including offering goods and services or contributing for advertising purposes, etc. Donating to charitable causes, and Sponsoring for a personal or other undue advantage.

### Gifts, Hospitality, and Expenditures

- Board members, management and employees must not demand, accept, or offer any gift or hospitality, either in the form of money, gifts, goods and services to, from or for business partners, agents, creditors, third parties or the company's competitors if doing so can be perceived as bribery or as personal or undue advantage of business partners, agents, creditors, and third parties.
- Any offers or receipt of gifts and hospitality as per customs and traditions shall conform to the company's rules and regulations. In

other cases where the company's rules and regulations cannot be applied, they must be proportionate, transparent and legitimate with no hidden agenda, as stated above.

### 5.3 GOVERNANCE AND INFORMATION TECHNOLOGY MANAGEMENT

The Board of Directors implemented the board of information technology. They will plan the related strategies in regards to information technology of the company in order to have convenience, speed, effectiveness, added reliability and added business competitiveness as well as playing a supporting role in the business to get the maximum benefits and risk management regarding information technology risk. Thus, the board will specify the assessment and risk management for information technologies and report the findings to the risk management subcommittee regularly.

The committee for information technology addresses the governance of information technologies for reliability and effectiveness by prioritizing as below;

1. Organization structure and management
  - 1.1 Segregation of authority to set the planned policies and operation procedures  
Implement segregation of authority, provide the planning policies, operation procedures and especially the policies when it comes to planning and operation procedures related to the security of information technology systems and other important routine technical operations.
  - 1.2 Governance and checking operations  
Implement the operations report and check operations to make sure that it is completed and accurate. Follow the policies and operations procedures within the frame of authority and responsibility.
2. The information of security and information technology system
  - 2.1 Access control of computer center and damage prevention  
Grant access control of the network precisely by limiting and assigning only those involved and checking the access of the computer network regularly.
  - 2.2 Control access by using information technology systems and intrusion prevention that pass through logical security network  
Implement intrusion prevention systems

for external outside networks, for example: Firewall system, user authentication before entering the system, authorization assignment within the system and audit logs by gagging security according to security policies of implemented information technologies.

3. Back up the network in preparation for an emergency
  - 3.1 Back up all data on the network with scheduled backups of the network and test the accuracy and reliability of the data on the network.
  - 3.2 Prepare for emergency situations  
Implement an emergency response plan that includes testing of the plan to insure, that it is viable.
4. Routine maintenance on all computers and servers  
Set governance and routine operation controls in computers according to the board requirements for all procedures and operations. Have a clear and verifiable reporting system for routine inspections.

On the part of risk management, the risk management subcommittee will set governance of the policies and approach to risk management as well as assessment and process development for proper risk management for both company and its subsidiaries while reporting to the company Board every three months in regard to information technology risks for administration to address the risks and make plans of risk management, information technology strategies, information management for appropriate business response, information technology services and security.

In addition, the board appreciates the importance of governance and information technology control so they can provide internal checking and information technology network checking which is directly reported to an audit committee making the plans in regards to information technology management, including security of information for the company annually.



## PRINCIPLE 6 : STRENGTHEN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL

### CONTROLLING SYSTEM AND INTERNAL AUDIT

The company has established an audit unit that functions as an independent unit. The current head of this unit is Mr. Pongpol Plipuch, Deputy General Manager of Audit unit. He holds a Bachelor's Degree in Audit from the University of the Thai Chamber of Commerce, and is a Certificated Public Accountant (CPA) No. 8549. He also attended training of the Anti-Corruption: The Practical Guide 2013 & 2016 conducted by the Thai Institute of Directors (IOD).

The internal audit unit regularly oversees the internal controls system, to inspect significant items including operations, compliance controls, risk management and extraordinary items, to ensure the effectiveness of the controlling system for greater credibility of the financial statements. They report directly to the Audit Committee and administratively to the President & CEO. The internal audit unit has adopted a risk-based approach in the annual audit plan which focuses on key business risks of the company and subsidiaries that might have an impact on business goals and the accuracy of financial reports. The Audit Committee reviews the annual audit plan and the audit results and progress reports continuously.

The past internal audit reports indicated that the company's operations have been in line with the planned systems, possessed efficient internal controls, risk assessment, risk management and prevention measures, compliance control and shown no significant non-compliance in its operations.

### RISK MANAGEMENT

The Board of Directors has overall responsibility to ensure risk management is appropriately and effectively implemented. The Risk Management Committee oversees risk management implementation and reports the company's significant risks, mitigations and improvements to the board. They assign the management team to regularly identify internal and external risk factors as well as to conduct an assessment of their impacts on the company's business. The risk management team is diversely composed of management members and top executives who are directly

responsible for the work areas where risk factors are identified. The risk management team analyzes target risk factors in order to determine root causes and create countermeasures. The countermeasures are turned into practical guidance to either prevent or minimize potential impacts of those risks. In addition, the risk management team also follows up and ensures that taken corrective and preventive actions are in line with its directed countermeasures, and reports the performance of countermeasure implementation to the Audit Committee for subsequent address in the Board meeting.

### SECURITIES HOLDING REPORT OF DIRECTORS AND EXECUTIVES

The company imposes preventive measures to guard against the use of internal information for personal gains among the Board and management members by communicating their mandatory duties to report any changes made to the securities ownership of their own, those of their spouses and children below lawful age to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 on an immediate basis and not later than three business days following the date of purchase, sale, transfer or receipt of such securities. The Board or management members or sections with access to, or knowledge of, internal information are not allowed to leak the information to outsiders or other unauthorized persons. In addition, no securities trading by those management is allowed within the period of one month prior to the disclosure of financial statements or any other material information to the public in order to prevent illegal use of internal information undisclosed to the public, which can affect the trading of the company's share on the Stock Exchange of Thailand.

The company secretary reports every change in the company's securities held by directors and management to the Chairman of the Board and Chairman of the Audit Committee, and also provides the report of any changes made to the securities held by directors and management for year to the Board meeting.

### REPORT ON INTEREST OF DIRECTORS AND EXECUTIVES

In compliance with Section 89/14 of the Securities and Exchange Act B.E. 2551 as amended by the Securities and Exchange Act (No.4) B.E. 2551 and

the Notification of the Capital Market Supervisory Board No. TorChor. 2/2552 Re: Report on Interest of Directors, Executives and Related Persons, Director and an Executive shall file with the company a report on his interest or a related person's interest in relation to management of the company including requiring the company secretary to have a copy of the report on interest to the Chairman of the Board of Directors and the Chairman of Audit Committee within 7 business days from the date of receiving the report. The Board of Directors must set rules and procedures for such reports.

## CONNECTED TRANSACTION

Connected transaction policy between TU and its subsidiaries, the Audit Committee is entrusted to review the connected transactions that need to be approved by the Board of Directors. The Board of Directors shall ensure that the company is operating in compliance with the rules and regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including the acquisition and disposition of assets, as well as the accounting standards concerning the disclosure of information concerning connected parties and business, as defined by the Federation of Accounting Professional of Thailand. The Audit Committee will provide comments about the necessity and justification of such transactions for the best interest of the company. Costs are charged at market price like transactions with any other outside parties (Arm's Length Basis). In the case that the Audit Committee does not have the expertise in the connected transactions, the company will provide an independent appraiser or external auditor of the company to ensure that such price is reasonable to the company before such transactions must be approved by the Board of Directors and shareholders. Directors and management personnel with potential conflicts of interest are not allowed to vote on the transactions. The connected transactions are disclosed under the Notes to Financial Statements for year ended December 31, the annual report and form 56-1.

## POLICY FOR FUTURE CONNECTED TRANSACTIONS

In undertaking future connected transactions, the company will continue its product and service transactions with connected companies, since these represent the normal business practices in the same industry. The pricing of products and services follow market practices and/or the details in any commercial agreements. However, the company

will take into consideration its best interests and ensure that such price is reasonable to maximize the company's benefits. The Audit Committee and Audit Unit are to supervise and review the business transactions that are considered connected transactions according to the requirements, announcements, rules and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission. Moreover, when there are transactions involving directors and management, they are not allowed to vote or attend the meeting.

## CRIMINAL RECORD OF DIRECTORS AND EXECUTIVES

During the past years and 2018, the company has seen no case of violation against rules, regulations and laws e.g. regulations of the Securities and Exchange Act, Public Limited Companies Act B.E.2535 or any other laws such as the submission of financial statements within a given timeframe. There are no cases of violation of labor law, employment law, trade competition act or punishment from the government or other regulators as a result of a failure to disclose significant information within the given timeframe. In addition, the directors and executives of the company do not violate against rules, regulations and laws e.g. regulations of the Securities and Exchange Act, Public Limited Companies Act B.E.2535 or any other civil or criminal laws and do not have any conflicts of interest with the company by insider trading or commit an act of corruption or misconduct.

## BUSINESS CODE OF CONDUCT

The Board of Directors has created a code of ethics or statement of business conduct for all directors, the management team and employees. The code serves as guidelines for their honest and equitable work operations and is made known to all directors, the management team and employees to ensure their awareness, understanding and compliance. The company believes that such practice will improve the standards of good corporate governance and promote investor confidence in the company's management as well as preserve justice and credibility in the capital market. The code of conduct covers the following areas:

- 1) Responsibility to shareholders
- 2) Responsibility to customers
- 3) Responsibility to employees
- 4) Responsibility to business partner and creditors
- 5) Responsibility to trade competition

- 6) Responsibility to society and the environment
- 7) Responsibility to the company
- 8) Compliance with laws, rules and regulations
- 9) Anti-corruption
- 10) Safeguarding the company's assets
- 11) Intellectual property
- 12) Conflicts of interest
- 13) Related transactions within the group
- 14) Use of inside information and trading of the company's security
- 15) Distribution of information to the public

## WHISTLE-BLOWING AND COMPLAINTS

The company provided the channel for whistle-blowing or complaint-making if stakeholders are, or may be, affected by the damage caused by the company's operation, or that employees are involved in unlawful, dishonest acts or corruption by directly submitting the case or via post to:

Chairman of the Audit Committee, or Internal Audit Manager, Audit Unit

Thai Union Group Public Company Limited  
23<sup>rd</sup> floor, S.M.Tower, Phaya Thai, Phaya Thai,  
Bangkok 10400

Telephone 02 298-0024 ext. 4340  
Facsimile 02 298-0024 ext. 4369

The whistle-blowers or filers of complaints that are employees, customers, individuals hired for work by the company or other groups of stakeholders who are whistle-blowers, will have their rights protected and defended according to the law or the guidelines set by the company.

## PRINCIPLE 7 : ENSURE DISCLOSURE AND FINANCIAL INTEGRITY

The Board of Directors is aware of its role to maintain financial credibility to shareholders and stakeholders such as investors, analysts, financial institutions including the disclosure of such equitable information to the public. The details are as follows;

## INFORMATION DISCLOSURE AND TRANSPARENCY

The Board devises policy on correct, complete and punctual disclosure of material financial and non-financial information through dissemination

channels of the Stock Exchange of Thailand and the investor relations section on the corporate website in both English and Thai languages so as to provide equitable and credible access for shareholders, institutional investors and any persons interested in obtaining such information.

The Board stands behind the company and its subsidiaries consolidated financial statements and financial information presented in the company's annual report. The said financial statements are prepared in accordance with generally accepted accounting standards by applying appropriate accounting policy on a regular and carefully considered basis. Material information is sufficiently disclosed in the notes to the financial statements.

The Board has provided a report indicating its responsibilities to prepare financial statements. Such a report is exhibited alongside the auditor's report in the company's annual report to ensure a true and fair presentation of the financial statements regularly following the generally accepted accounting standards and accounting policy.

The Board's opinion is that there is effective administration of internal controls in the company and that the reasonable fairness is assured for the financial statements for the period ending 31 December 2018, for which the company's auditors have conducted the audits on generally accepted auditing standards.

## INFORMATION DISCLOSURE TO PUBLIC

The Board perceives the importance of correct, complete and transparent information disclosure to all shareholders, investors and all parties concerned on an equitable treatment basis. Information on operations and financial status is communicated clearly and timely under relevant laws to provide target groups with a correct understanding of the company, thereby creating acceptance and investment sentiment among investors. The communication also allows the company to gain insight into the public's view on the company's operations, which will be a part of considerations for future goal and strategy setting. With the Investor Relations Unit officially set up, the company clearly assigns management and other personnel to assist in communicating with the public as follows:

- |                            |  |
|----------------------------|--|
| 1. Mr. Thiraphong Chansiri | President & CEO                                  |
| 2. Mr. Joerg Ayrlé         | Group CFO  |
| 3. Mr. Bunlung Waiyanont   | Assistant General Manager,<br>Investor Relations |

The communications of operational performance, financial and non-financial information to stock analysts, investors and shareholders during 2018 were as follows:

1. The company's executives provided an overview of the operations and answered questions from analysts and investors in the following events;
  - Approximately 32 company visits by investors and stock analysts
  - 18 conference calls
  - Four analysts' meetings
  - Participated in four Opportunity Day's hosted by the SET
  - Two plant visits by stock analysts and investors
  - Two plant visits by minor shareholders
  - 11 overseas investor conferences
  - Seven local roadshows

In addition, the Board promoted the effective use by the company of information technology in disseminating information to provide the public with written information in both Thai and English through its corporate website, <http://www.thaiunion.com> and printed media as follows:

- Investor note, a press release giving information on operational results issued to investors and stock analysts on a quarterly basis
- Presentation issued to investors and stock analysts on a quarterly basis
- IR-Newsletters, a quarterly corporate newsletter delivered to shareholders and investors to regularly report new information and updates on the company's operations
- IR calendar, raw material prices, and details of debt payments on the company website
- Annual report for shareholders, investors and other interested general public
- Sustainability report annually

2. Six media briefings and press conferences

3. Information provided to the Stock Exchange of Thailand and Securities and Exchange Commission i.e. Annual report, Form 56-1, the company's financial statements, quarterly and annual financial analysis reports, Letters informing the resolution of the Board of Directors, Annual General Meeting of Shareholders and others, report or notification of any corporate changes in need of public disclosure pursuant to the Notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Due to continued strong adherence to transparent information disclosure, the company achieved awards as follows:

- No.1 ranking among ASEAN corporations in Consumer/Staples sector in 2018 All-Asia (ex-Japan) Executive Team rankings by Institutional Investor: Best CFO, Mr. Joerg Ayrl
- Best Public Company (SET) of the Year 2018 in Agro and Food Industry by Money & Banking Magazine *Money & Banking Awards* ranked the Top 300 Public Companies listed on the Stock Exchange of Thailand based on market capitalization. The Best Public Company of the Year (SET) was evaluated in its industry based on the size of the firm, operational performance, return to shareholders, and investment free-float.
- Multiple awards in Asia's Best Managed Companies Poll 2018 by FinanceAsia: No. 1 Most Committed to Corporate Governance in Thailand
- Multiple awards in Asiamoney Asia's Outstanding Companies Poll 2018 by ASIAMONEY Magazine: Overall Most Outstanding Company in Thailand and Most Outstanding Company in Thailand-Consumer Staples Sector This recognition is underpinned by significant and actionable feedback from over 800 investors, which resulted in over 2,382 votes for publicly listed companies across 12 Asian markets.
- No. 1 Best Analyst Days in Thailand in 2018 All-Asia (ex-Japan) Executive Team rankings by Institutional Investor. The Investor Relations team's efforts have been well-recognized among leading consumer staple companies in South East Asia.

## CONTACTING THE BOARD

The stakeholders may express their opinions, recommendations, complaints, or whistle blowing which may bring damages to the company, the company's unlawful actions or unethical actions, in writing and send them to the Audit Committee or the Board of Directors at the following address:

Thai Union Group Public Company Limited  
Company Secretary, Office of the President & CEO  
979/12 M Floor, S.M. Tower, Phaholyothin Road,  
Phaya Thai, Phaya Thai, Bangkok

Or to our email:

The Audit Committee at [compliant@thaiunion.com](mailto:compliant@thaiunion.com)

The Board of Directors through the Company Secretary at [paralee.sukhatungka@thaiunion.com](mailto:paralee.sukhatungka@thaiunion.com)

## PRINCIPLE 8. ENSURE ENGAGEMENT AND COMMUNICATION WITH SHAREHOLDERS

The Board follows good corporate governance principles and sets clear business policy by perceiving equitable treatment of shareholders and stakeholders. This can be evident from the fact that the Board and the management cooperate to efficiently deliver work performance while prudently and carefully carrying out their administrative duties for the best interests of the company and shareholders. Operations are transparent and can be verified. Information disclosures are made in a complete, accurate, punctual, and equitable manner to all parties concerned. The company has appropriate and adequate control systems and risk management plans to facilitate well-informed decision making. The company adheres to business ethics as a main pillar to prevent damages to all stakeholders. The Board oversees the company's disclosures of all material information to ensure its accuracy, fairness and timeliness in order to secure investor confidence.

The company's information disclosures to shareholders are made on the basis of equity regardless of share volume owned, status as individual or juristic person - local or overseas. In each meeting of the shareholders, the company places emphasis on and respects the rights of the shareholders by strictly carrying out the meetings pursuant to the Public Limited Companies Act. Also, the company recognizes that the shareholders have the rights to decide, to obtain adequate, complete and timely information and to be encouraged to use their rights and not to have their rights violated, as follows:

### SHAREHOLDERS' MEETING

- The Annual General Meeting of Shareholders (AGM) has been set annually within four months counting from the annual closing date of its accounting books, i.e, within April 30 of each year. For urgent matters regarding the shareholders' interest or those requiring shareholders' approval, the Board shall call for the Extraordinary General Meeting of Shareholders (EGM). For the year 2018, the company had arranged the Annual General Meeting of Shareholders (AGM) on 5 April 2018 and with preparations as follows:

## THE PREPARATION FOR THE MEETING AND THE DELIVERY OF THE INVITATION TO THE MEETING

- The Board allowed shareholders to propose a name list of potential director candidates and a meeting agenda including the questions for the 2018 Annual General Meeting of Shareholders. The Company Secretary was assigned to publicize such information by using the electronic media through the communication systems of the Stock Exchange of Thailand, forwarded to the corporate website 113 days prior to the date of the delivery of the Invitation to the Meeting in order to allocate appropriate time for the shareholders' proposals.
- The company publicized the Invitation to the 2018 Annual General Meeting of Shareholders in both English and Thai languages along with the documents in which details, objectives and reasons had been sufficiently and accurately provided for shareholders to exercise their rights, including the comments of the Directors in each agenda and the proxy forms, comprising of Form A, Form B, Form C, as stipulated by the Ministry of Commerce, voting procedures including voting count and verification of voting results criteria, details concerning independent directors proposed by the company to act as proxies for shareholders and invitation to propose the questions in advance on [www.thaiunion.com](http://www.thaiunion.com) since 2 March 2018 - 34 days prior to the Annual General Meeting of Shareholders.
- The company authorized Thailand Securities Depository Co., Ltd., in its capacity as registrar, to deliver the Invitation to the Meeting to shareholders along with the documents in which details, objectives and reasons had been sufficiently and accurately provided, including the comments of the Directors in each agenda, to make opportunities for the shareholders to appoint their proxy or to authorize any independent director to act as proxy to vote on his/her behalf, and also to deliver the annual report in the form of CD-ROM to shareholders 15 days prior to the date of the 2018 Annual General Meeting of Shareholders.
- The company publicized the Invitation to the Meeting in Post Today newspaper (in Thai) and Bangkok Post (in English) for three consecutive days, seven days prior to the date of the meeting to reassure shareholders' attendance on the scheduled meeting date and time.



## ON-SITE MEETING PROCEDURES

- The company facilitated all shareholders, including institutional investors, in a fair manner by arranging the officers to welcome and provide sufficient information during the checking of documents before the registration. The company also arranged the AGM voting systems, serviced by Quid Lab Company Limited, to facilitate the Annual General Meeting of Shareholders and to

cover the preparation of information regarding shareholders who had the right to attend, the registration of shareholders who attended by printing ballots and the process of counting the votes in the meeting. The Registration was open from 12:00 - 14:00 hrs. of 5 April 2018 at the well-known and easy-to-commute-to Benjapatchara Room, 2<sup>nd</sup> Floor, Royal Thai Army Radio and Television Station (TV5), Phaholyothin Road, Bangkok. In 2018 there were shareholders who attended and proxies as follows;

SHAREHOLDERS	TOTAL(PERSONS)	TOTAL(SHARES)	PERCENT OF THE TOTAL ISSUED AND PAID-UP SHARES
Person Attended	279	776,483,958	16.27
Proxies Attended	925	2,435,617,410	51.04
<b>Total Attended</b>	<b>1,204</b>	<b>3,212,101,368</b>	<b>67.31</b>

- Chairman of the Board was the chairman of the 2018 Annual General Meeting of Shareholders with responsibility for compliance with applicable legal requirements and the company's articles of association, in which there were 11 board members in attendance out of the whole board of 12 members, and they were the Chief Executive Officer, the President of Global Frozen and Related Units, the Executive Directors and the Audit Committee members who were independent directors. The directors who could not attend were representatives of overseas shareholders who could not make it to the meeting due to the inconvenience of long journeys. However, without their presence, the directors had analyzed the information and expressed their opinions on the issues through the agendas delivered to them prior to the meeting. Moreover, the Group CFO, the General Manager - Group Finance, the General Manager - Group Accounting and Control, the Manager - Investor Relations, and independent auditors from Pricewaterhouse Coopers ABAS Limited, attended the meetings to completely answer questions from the agendas while the Chairman provided appropriate and sufficient time and encouraged the shareholders to express their opinions and queries with equity.
- The Chairman of the meeting assigned the MC to inform the number and the proportion of shareholders and shares represented at

the meeting in person and through proxies, clearly explain the vote-casting and vote-counting procedures for each agenda to the eligible shareholders as well as the procedure of one vote per one share according to the Company's Articles of Association No.35. The company's auditors from Pricewaterhouse Coopers ABAS Limited and two volunteers from the shareholders were the inspectors of the vote counting. The meeting was conducted in the manner that allowed and encouraged all shareholders to raise questions, express opinions and give suggestions about the issues throughout the entire meeting session. There were two shareholders who made queries and presented opinions for the 2018 Annual General Meeting of Shareholders.

- In order to preserve voting transparency, the company made available ballots to facilitate the exercise of voting rights by shareholders in case of their disapproval or abstention of any agenda needed to be considered. Such votes were deducted from the total votes of the meeting. The remaining votes were counted as approvals of such agenda. In order to conduct the meeting in a timely manner and to separate the election of the directors, shareholders were allowed to freely cast their votes for each director candidate on an individual basis, not on the whole board of candidates. Vote counts were clearly announced onsite to make known to all

attending shareholders immediately following the end of the voting procedure in each agenda. The meeting session was also videotaped for further dissemination on the company's website. Interested shareholders may request a copy of the videotape from Office of the President & CEO.

## POST-MEETING PROCEDURE AND MEETING MINUTES

- The company publicized the resolutions of all agenda considered in the 2018 Annual General Meeting of Shareholders (AGM) on [www.thaiunion.com](http://www.thaiunion.com) immediately on the date of the meeting, except for questions raised by shareholders and answers given during the meeting session. Complete resolutions of the meeting were subsequently submitted through the Stock Exchange of Thailand communication systems and forwarded to corporate website on 17 April 2018, or 12 days following the date of AGM. Shareholders and investors may obtain further information on the meetings or submit their questions in advance by contacting the Company Secretary at 0-2298-0024 ext. 4390, 4392

The hosting of the shareholders' meeting with great emphasis on equitable voting rights has earned the company an excellent performance in the 2018 annual evaluation of Annual General Meeting of Shareholders conducted by the Thai Investors Association.

However, the Board perceives the importance of right of shareholders, is well aware of its responsibility to ensure equitable treatment of shareholders and therefore have put the following initiatives into action.

- The Board assigned the Company Secretary to prepare data and communicate to shareholders with regards to the company's invitation for shareholders to propose a name list of potential director candidates and a meeting agenda for consideration in the 2018 Annual General Meeting of Shareholders. Such information was publicized electronically through the Stock Exchange of Thailand communication systems and forwarded to the investor relations section on the corporate website 113 days prior to the date of meeting invitation delivery in order to allocate appropriate time for their proposals. Although the company has provided shareholders with these proposal opportunities since 2007, no proposals, however, were submitted for either director candidates or the meeting agenda during the past year. In addition, no additional agenda items were notified in advance.
- The Board facilitated shareholders who cannot attend the meeting by assigning any independent directors and proposed the name list of at least two independent directors who were to act as proxies to vote in each meeting agenda on behalf of shareholders. In the 2018 Annual General Meeting of Shareholders, there were 405 shareholders who authorized Dr. Thamnoon Ananthothai, member of Audit Committee, there were 257 shareholders who authorized Mr. Sakdi Kiewkarnkha, Chairman of the Audit Committee, there were 48 shareholders who authorized Mr. Nart Liuchareon, member of Audit Committee, there was one shareholder who authorized Mr. Kirati Assakul, Chairman of the Risk Management Committee, to act as proxy and vote on his/her behalf. All of them have been serving as independent directors.
- The Board provided voting cards for the shareholders by the AGM voting system for each agenda separately so that they could vote as appropriate. The voting cards were then collected and calculated together with the votes cast before in the proxy form. The votes were then announced in the meeting room and filed the cards for inspection.
- The Board assigned the Company Secretary to document and file the meeting resolutions in a correct and complete manner and to publicize the resolutions of all agenda considered at the 2018 Annual General Meeting of Shareholders in the investor relations section on [www.thaiunion.com](http://www.thaiunion.com) immediately on the date of the meeting, except for questions raised by shareholders and answers given during the meeting session. Complete resolutions of the meeting were subsequently submitted through the Stock Exchange of Thailand communication systems and forwarded to the corporate website within 14 days following the date of meeting.
- The company imposes preventive measures to guard against the use of internal information for personal gains among the Board and management members by communicating their mandatory duties to report any changes made to the securities ownership of their own, those of their spouses and children below lawful age

to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 on immediate basis and not later than three business days following the date of purchase, sell, transfer or receipt of such securities. The Board or management members or sections with access to, or knowledge of, internal information are not allowed to leak the information to outsiders or other unauthorized persons. In addition, no securities trading by those management is allowed within the period of one month prior to the disclosure of financial statements or any other material information to the public in order to prevent illegal use of internal information undisclosed to the public, which can affect the trading of the company's share on the Stock Exchange of Thailand. However, this prohibition is exempted in the case of continued fluctuation of securities trading prices driven naturally by overall stock market mechanism, which encourages those management to trade their securities only in response to the stock market situations and in good faith. Furthermore, the Board and management members are made aware of legal punishment and penalty pursuant to the Securities and Exchange Act B.E. 2535 and relevant regulations.

- The Board assigns the Company Secretary to oversee and follow up items with potential conflict of interests and connected transactions. The Company Secretary is responsible for preparing a quarterly summary report of those

items and transactions and regularly publicizes such reports at year-end in the company's annual report and Form 56-1. Furthermore, the Board and management members, in any Board meeting, are required to comply with good corporate governance policy by not participating in casting votes or giving opinions on any issues sensitive to conflict of interests or vested interests.

- The Board assigns the Company Secretary to maintain the filing of the report of vested interests as disclosed to the Company by the Board and management members pursuant to the Notification No. Tor.Jor.2/2552 of Capital Market Committee Governing Required Vested Interests Disclosure by Listed Company Directors, Management Members and Connected Persons. With regards to this issue, the Section 89/14 of the Securities and Exchange Act B.E. 2535, as subsequently amended under the authority of the Securities and Exchange Act (No. 4) B.E. 2551, stipulates that the Board and management members must report to the company their vested interests in the company's and its subsidiaries' operations and management, or those of their connected persons. This requirement is aimed to furnish necessary information to the company and to enable the company to comply with its own connected transaction handling procedures, which are established to prevent such items with potential conflict of interests from leading to possible siphoning of corporate funds and interests from the company and its subsidiaries.







# REPORT OF THE RISK MANAGEMENT COMMITTEE 2018

## Dear Board of Directors and Shareholders,

The Risk Management Committee was appointed by the Board of Directors to oversee the effectiveness and efficiency of the company's Enterprise risk management as well as investment risk management. The Committee comprises three independent directors and six executives of the company – all of whom are highly qualified with extensive experience from various backgrounds. The Committee performed duties in compliance with the Risk Management Committee Charter. Below is a summary of tasks performed in 2018:

## MEETING

The Committee convened five meetings during 2018 and each time a quorum was met. The meeting attendance report can be summarized as follows:

1.	Mr. Kirati Assakul	Chairman and Independent Director	Attended: 4/5
2.	Mr. Sakdi Kiewkarnkha	Member and Independent Director	Attended: 4/5
3.	Dr. Thamanoon Ananthothai	Member and Independent Director	Attended: 5/5
4.	Mr. Thiraphong Chansiri	Member and Executive Director	Attended: 5/5
5.	Mr. Shue Chung Chan	Member and Executive Director	Attended: 5/5
6.	Mr. Joerg Ayrlle	Member	Attended: 4/5
7.	Dr. Darian McBain	Member	Attended: 4/5
8.	Ms. Whitney Foard Small	Member	Attended: 1/5
9.	Mr. Patrick Bertalanffy	Member	Attended: 2/3

Mr. Patrick Bertalanffy, Group Strategy Director, was appointed a Committee member in July 2018 to replace Dr. Sven Massen who was assigned to a new management position

## RISK PROFILE AND MITIGATION REVIEW

The Committee reviewed the following risk profiles, mitigations and reported quarterly to the Board of Directors. The Committee agreed that material risks were captured, appropriate measures were taken to manage risks and balanced against opportunities of business activities.

### 1. Corporate risks profile, mitigation and improvement including:

- 1.1 Fish and seafood competitive landscape
- 1.2 Raw material prices and supply availability
- 1.3 Non-tariff trade barriers highlighted environment and social sustainability
- 1.4 Post-merger integration
- 1.5 Compliance, law & regulation



- 1.6 Competitive innovation
- 1.7 Foreign exchange rates
- 1.8 Inventory management
- 1.9 International and local tax changes

**2.** Investment risk assessment and mitigation plan of the following investments:

- 2.1 Acquisition of TUMD Luxembourg S.a.r.l, Dalpromryba Limited Liability Company, Torgovo-Promyshlenny Kompleks “Dalpromryba” Limited Liability Company and Maguro Limited Liability Company in Russia
- 2.2 Acquisition of Thammachart Seafood Retail Co., Ltd in Thailand

**3.** Emerging risk assessment and mitigation plan looked at the following risks:

- 3.1 U.S.-China trade war with additional 25 percent tariffs on seafood products, which might have a potential impact on Tri-Union Seafood LLC, Tri-Union Frozen Products, Inc. and U.S. Pet Nutrition LLC. in U.S.
- 3.2 U.S.-Thailand GSP Reviews which might have potential impact on Tri-Union Seafood LLC, Tri-Union Frozen Products, Inc. and U.S. Pet Nutrition LLC. in U.S.
- 3.3 Yellowfin tuna potential supply shortage from new quota management in the Indian Ocean which might have a potential impact on Thai Union European Seafood 1 S.A. in Europe.

## EMBEDDED RISK MANAGEMENT CULTURE

The Committee promoted a risk management culture in various activities in 2018 as outlined below. The Committee agreed that the Company’s risk management awareness was adequate, with full support from management personnel. The process was aligned with the risk management framework. The deployment of the risk management program covered Thai Union Group’s subsidiaries, which contribute around 98 percent of total sales.

- 1.** Promoted risk awareness and provided suggestions in the Corporate Risk Workshop performed by the Global Leadership Team (GLT) and risk management office to assess group-wide enterprise risks and emerging risks.
- 2.** Oversaw entities risk management processes and the results of 11 subsidiaries including

Thai Union Manufacturing Co., Ltd, Songkla Canning PCL., Thai Union Feedmill Co., Ltd., Thai Union Seafood Co., Ltd., Pakfood Public Co., Ltd., Thai Union EU Seafood 1 S.A., Tri-Union Seafoods, LLC., Tri-Union Frozen Products, Inc. Asian-Pacific Can Co., Ltd., Thai Union (China) co., Ltd., and Yueh Chyang Canned Food Co., Ltd.

- 3.** Incorporated the risk assessment and mitigation process into the strategic investment project including business acquisition, mergers and joint ventures, new business investment/divestment and capital expenditures. The Committee reviewed the sufficiency and effectiveness of risks and report to the Board of Directors for consideration.

- 4.** Invited PricewaterhouseCoopers Consulting (Thailand) Ltd. to provide training on updates to COSO ERM 2017 to the Risk Management Committee, the Audit Committee and the Risk Management Office.

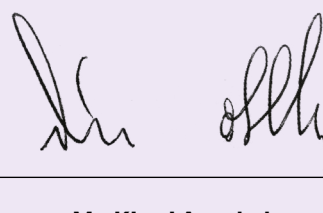
## FORWARD LOOKING

- 1.** Following the corporate risk workshop, management identified four global emerging risks which relate to the company, including:

- 1.1 Climate change
- 1.2 Cybersecurity
- 1.3 Disruptive business models
- 1.4 Reputational risk from social media

The Committee reviewed the risks and encouraged management to further analyze and assess these in 2019.

- 2.** Following the training on updates to COSO ERM 2017, the Committee encouraged management to study the benefits and appropriateness to adopt the new COSO framework for the Company’s risk management framework in 2019.



**Mr. Kirati Assakul**  
Chairman of the Risk Management Committee



# RISK MANAGEMENT AND RISK FACTORS

The company considers effective risk management and mitigation to be integral to our business operations. We encourage employees to have a positive attitude to risk and to understand the risks that are inherent in our business. As well as having the right tools and processes, effective risk taking requires the right culture and behaviors across our businesses. Our risk management culture and processes meet world-class standards. In 2018, Thai Union Group achieved the highest score in the Risk and Crisis Management category with an

industry best-in-class 100<sup>th</sup> percentile ranking by the Dow Jones Sustainability Index.

## RISK MANAGEMENT CULTURE

The company continues to embed risk culture through all levels of the business. Starting from the company's leadership, the Board of Directors (BoD) promotes and enforces that consistent and effective risk management becomes part of the organizational culture. The policy, framework, guidelines and structure on risk management demonstrate formal communication. Risk management is embedded in our business decisions, especially in our strategic investments. One concrete action that can be seen is the risk management policy approved by the BoD in 2018 that strategic investments are required by the risk assessment and mitigation plan to be reviewed by the Risk Management Committee (RMC) prior to the investment.

Moreover, the company demonstrates risk management related to sustainability, for example, Human Rights Risk Management. For additional information, see [www.thaiunion.com/en/download/sustainability](http://www.thaiunion.com/en/download/sustainability)

In addition to our leadership, employees are encouraged to have a positive attitude towards proper risk management from their first day with the company. This is consistently reinforced throughout their time with the organization, such as through the new joiner program, risk management training,

### INCENTIVES

#### *Providing the right motivations*

Awareness to risks is emphasized from the very first day and throughout the employee's life cycle

### RISK FRAMEWORK

#### *Taking the right risks*

Risk appetite is cascaded throughout the firm where risks are communicated with openness



### LEADERSHIP

#### *Communicating the right messages*

Risk management is top of mind of the top – middle management with desired behavioral standards

### ORGANIZATION

#### *Establishing the right environment*

Clear accountabilities around risk management with quality of risk governance structure

activities and internal news updates. They are also motivated towards proper risk management through incentives, for example, the company's recognition program and performance evaluation.

## RISK MANAGEMENT FRAMEWORK

The company's risk management framework is in accordance with the international standards of COSO ERM and ISO 31000: Risk Management. It is a guideline for management and employees to operate consistently. The framework is designed to identify, assess, manage, monitor and communicate systematically and consistently in order to minimize their probability and potential impact to company business.

Thai Union Group processes risk management with a two-way approach. A top-down risk assessment workshop is performed once a year by the Global Leadership Team to assess corporate risks, entities' common risks and global emerging risks at the Group level. Then, materiality risks will be defined to group risk owners to manage, monitor and report the risk status to RMC and Board of Directors every quarter. A bottom-up risk assessment occurs in parallel at subsidiary level. Materiality risks will be managed by subsidiary-level risk owners. However, if the risk level is high and could impact at a Group level, or if Group-level intervention is required, the responsibility for mitigating actions will generally be determined by the Group-level executive. This promotes risk culture at all levels but also provides a channel to raise business risks to the Group level.

## RISK APPETITE

Risk appetite is an important factor to consider when Thai Union Group sets strategies and determines the direction of risk management. It is set with regard to financial and reputation impact together with risk likelihood. Risks are defined in four risk levels: High, Medium-High, Medium-Low, and Low. High and Medium-High are considered to exceed the risk appetite and require the immediate development of additional mitigation plans.

## KEY RISK INDICATORS (KRIs)

For materiality risks, Key Risk Indicators, or KRIs, are set up and closely monitor the movement. KRIs provide an early signal of increasing risk exposures

in various areas of the enterprise, and can be lagging and leading indicators. For example, the company uses a number of negative news stories related to labor practices as a KRI for one of the non-tariff trade barrier risks.

## RISK MANAGEMENT ORGANIZATION

Risk management structure, roles and responsibilities are clearly established. BoD has overall responsibility to ensure risk management is appropriately and effectively implemented. RMC oversees risk management implementation, holds regular meetings and regularly reports the company's significant risks, mitigations and improvements to the BoD. The Group Risk Management Department coordinates and implements the risk management processes at Group level while providing advice and guidance about the risk management framework and process to subsidiaries. Risk coordinators at subsidiary level coordinate and implement risk management processes according to guidance. Management and employees are responsible for managing risks in their areas of responsibility.

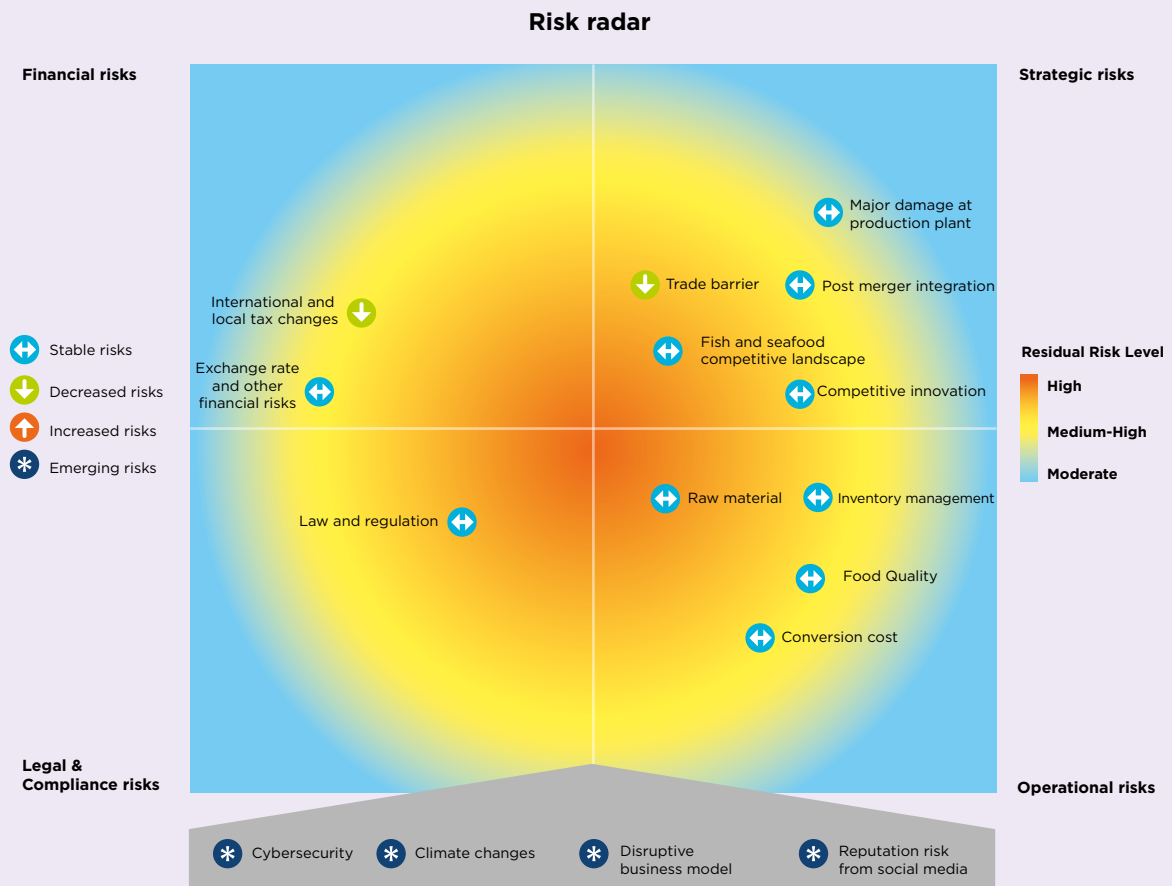
The company also established the Group Treasury Committee to oversee financial risk management. In addition, the Group's policies covering foreign exchange risk, interest rate risk, commodity price risk, credit risk, liquidity risk, capital management and good governance practices are available for operational references. The framework parameters and the acceptable risks are used as the key communication and control tools for management and the Treasury team globally.

In addition, the Audit Committee (AC) oversees and monitors risk management by means of independent reviews, in order to ensure that risk management is implemented according to the policy and effectively throughout the organization. For additional information on roles and responsibilities, see the Corporate Governance Report on pages 97 to 135.

## RISK FACTORS

Thai Union Group is a global seafood processing company and its operating and financial results are subject to a variety of risks inherent in the seafood industry. The company can prepare for many of the risks to mitigate any impact and/or minimize likelihood, however many of them are not within our control and could materially impact the company's operations, financial position or reputation.

On the risk radar below and on the following pages, we have identified the major risks to our business. Some of the risks from 2017 have not fundamentally changed and so remain listed, while new threats identified during the global risk workshop have been added. We have updated the risk event and management and mitigation.



STRATEGIC RISK	
RISK	MANAGEMENT AND MITIGATION
FISH AND SEAFOOD COMPETITIVE LANDSCAPE	
<p>Risks associated with a competitive fish and seafood industry landscape can present strategic challenges for Thai Union as one of the world's largest seafood producers.</p> <p>Although the global fish and seafood industry has been growing steadily over the past few years, there are some mature markets, especially Europe and the U.S., where growth in processed seafood consumption has slowed.</p> <p>In terms of product segment, Thai Union has continued to face strong competition in its core categories of tuna, shrimp and salmon.</p> <p>Moreover, the company faced risks from more negotiation power from customer consolidation/alliances in Europe and vertical integration by majors in fish farming.</p>	<p>Thai Union adapts continuously to the changing and challenging market conditions.</p> <p>With the aim to meet our organic sales growth aspirations, in 2018 we made several important steps forward. These include:</p> <ol style="list-style-type: none"> <li>1. Launching innovations in our key markets</li> <li>2. Achieving strong top-line growth in China</li> <li>3. Opening a new tuna oil factory</li> </ol> <p>In 2019, our organic growth objectives are to:</p> <ol style="list-style-type: none"> <li>1. Focus on profitable growth opportunities across categories and channels</li> <li>2. Drive value of our portfolio through innovation, premiumization and leadership in sustainability</li> <li>3. Develop and scale our new business in Marine Ingredients</li> </ol> <p>These priorities will focus our Group on the key areas for profitable growth and delivering against them will help us meet our 2019 targets as well as position us well for the future.</p>



STRATEGIC RISK	
RISK	MANAGEMENT AND MITIGATION
TRADE BARRIERS	
<p>The global seafood industry confronts numerous tariff and non-tariff trade barriers</p> <p><b>TARIFF TRADE BARRIERS</b></p> <p>The risk mostly relates to a change of import tariff rates due to:</p> <ul style="list-style-type: none"> <li>• The U.S. - China trade war, with an additional 25 percent tariffs on seafood products</li> <li>• BREXIT, with a potential change of import and export tariffs between the U.K. and other countries</li> <li>• U.S. - Thailand trade imbalance investigations, with a threat to remove GSP for all U.S. exports</li> </ul> <p><b>NON-TARIFF TRADE BARRIER</b></p> <p>The risks mostly relating to the environment and social sustainability which can impact trading conditions or cost competitiveness</p> <p>Thai Union Group's key non-tariff trade barriers are posed by:</p> <ul style="list-style-type: none"> <li>• EU - Illegal, Unregulated and Unreported (IUU) fishing yellow card issued against a number of sourcing countries including Thailand, Vietnam and Taiwan</li> <li>• U.S. - Trafficking in Persons (TIPs) report and State Department ratings for Human Trafficking and Forced Labor as well as the implementation of the U.S. Trade Facilitation and Enforcement Act and U.S. Seafood Import Monitoring Program and other legislation that imposes a trade barrier to imports.</li> </ul>	<p><b>TARIFF TRADE BARRIER</b></p> <p>The company assessed potential risks with entities in the U.S., Europe and Thailand. Mitigation options were generated for each scenario. However, due to uncertainty and the potential for the situation to develop, the company closely monitors and review the plan.</p> <p><b>NON-TARIFF TRADE BARRIERS</b></p> <p>In 2018, we continued to implement SeaChange®, our global sustainability strategy. This strategy covers every aspect of the seafood business: from how we look after the oceans to how we manage our waste; from the responsibility we take for our workers to building brighter futures for the communities around our key sites. This also includes the ability to fully trace our seafood - from catch to consumption.</p> <p>Key global achievements in 2018 included:</p> <ul style="list-style-type: none"> <li>• Ranked first globally in the Food Products Industry in the Dow Jones Sustainability Index.</li> <li>• Named to the FTSE4Good Emerging Index for the third consecutive year.</li> <li>• Rolled out our Vessel Code of Conduct and Vessel Improvement Program to our suppliers—upholding labor and human rights in the supply chain.</li> <li>• Made significant progress on our Tuna Commitment to responsibly source our branded tuna from fisheries that are either Marine Stewardship Council (MSC) certified, or engaged in Fishery Improvement Projects (FIPs) to move them towards MSC certification. We will aim to achieve a minimum of 75 percent by the end of 2020.</li> </ul> <p>More information on Sustainability at Thai Union on page 82 and awards and recognition on page 48</p>

STRATEGIC RISK	
RISK	MANAGEMENT AND MITIGATION
POST-MERGER INTEGRATION RISKS	
<p>We have successfully completed several strategic acquisitions over the last few years. These transactions have enabled us to vertically shift along value chains and expand into new product categories and/or sales markets.</p> <p>The challenge is to manage the realization of expected synergies during the post-merger phase. Our business operations are spread around the globe, and as a Group we need to effectively manage the integration of newly acquired businesses into Thai Union and ensure that benefits get realized as anticipated.</p>	<p>In 2018, we implemented a new, structured Post-Merger Integration (PMI) process to ensure that we maximize value realization from our acquisitions.</p> <p>The process has the following components:</p> <ol style="list-style-type: none"> <li>1. Two-layered PMI governance structure to oversee delivery of the initiatives and manage operational issues</li> <li>2. PMI cadence schedule to maintain rigor and discipline</li> <li>3. Tools to help track delivery versus initial plan and ensure potential issues are flagged and addressed early</li> </ol> <p>The PMI process has been implemented for our recently completed acquisitions, and will be applied for any new acquisitions in the future. We are confident that this will help us proactively address any issues and help value realization.</p>
COMPETITIVE INNOVATION	
<p>Our business relies on continued global demand for our brands and products. Achieving our business results depends, in part, on successfully developing, introducing and marketing new products and on making significant improvements to our equipment and manufacturing processes. The success of such innovation depends on our ability to correctly anticipate customer and consumer tastes, preferences and behaviors, which are constantly changing.</p> <p>The company must be able to successfully respond to technological advances made by, and intellectual property rights granted to, competitors. Failure to continually innovate, improve our seafood product and manufacturing process, and respond to competitive moves could compromise our competitive position and adversely impact our results.</p>	<p>In order to respond to market needs and pursue business opportunities, in 2018 our Global Innovation Center (GIC) continued research related to raw materials, new processing technology, and utilization of rest-raw materials to create added value. A key component of the GIC's activities involves translational research to bring new innovations to the market.</p> <p>Two product innovations launched in 2018 demonstrated our commitment to being the leader in the seafood industry. These were:</p> <ol style="list-style-type: none"> <li>1. A new transparent packaging solution for shelf-stable tuna and other seafoods</li> <li>2. The first ever pasteurized tuna product in a transparent cup for Thai Union and the Global Market.</li> </ol> <p>More information on Innovation at Thai Union is on page 90</p>

LEGAL & COMPLIANCE RISKS	
RISK	MANAGEMENT AND MITIGATION
LAWS AND REGULATIONS	
<p>Our business is subject to a wide variety of laws and regulations across all the countries in which we do business, including laws and regulations around intellectual property, product liability, marketing, antitrust, trade competition, environmental, employment, anti-bribery or anti-corruption, data protection and privacy, and other matters.</p> <p>Failure to comply or not being aware of changing laws and regulations and related interpretations could lead to substantial fines and penalties and have a negative impact on Thai Union's financial performance and reputation.</p>	<p>The company has a global legal and compliance function to monitor the development of laws and regulations and also provide regular updates to supervisory authorities. To ensure we understand and take appropriate actions to remain compliant, the company established policies, provides guidance where necessary and trains related employees on all important matters.</p> <p>In 2018, the company continued to train and stimulate awareness to our employees on antitrust law, anti-corruption law and on the Thai Trade Competition Act B.E. 2560 which provided a new merger control regime fully effective on 29 December 2018.</p> <p>For the EU General Data Protection Regulation which entered into force on 25 May 2018, the Company reviewed the policy and procedures and put in place additional control on technical and business processes to ensure the personal data protection.</p> <p>Regarding the U.S. Department of Justice in relation to an antitrust investigation of Tri-Union Seafoods LLC (Tri-Union), a subsidiary of Thai Union Group, in 2018, the investigation is still ongoing.</p> <p>Risks and mitigation on other litigations were presented in the note number 38 to the financial statements page 281.</p>

FINANCIAL RISKS	
RISK	MANAGEMENT AND MITIGATION
INTERNATIONAL AND LOCAL TAX CHANGES	
<p>Thai Union Group operates and has trade activities in a number of countries, making tax management especially difficult. Each year, many countries make a number of policy changes which may affect income taxes, sales tax rates, VAT or goods and services taxes (GST), payroll taxes, customs duties and special sales taxes, environmental taxes, property taxes, and so on.</p> <p>In 2018 the company confronted risks from U.S. tax reform and new tax regulations/requirements implemented in European countries, Thailand and Vietnam especially ones related to “Transfer Pricing”. Those changes may impact to our Group tax management.</p> <p>In 2019, it is reasonable to foresee that many more new tax regulations will be released in many jurisdictions. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess the amount of risk but it should be significant, which we have to closely monitor.</p>	<p>To proactively deal with changes in tax systems, we closely monitor changes in legislation and seek expert advice regarding customs and taxes in order to properly adopt regulatory requirements. In addition, our internal legal, customs or tax departments advise and train management teams to ensure appropriate and compliant business practices.</p> <p>In 2018, the company has prepared all relevant tax documents in order to comply with new tax requirements in many jurisdictions and chose Thai Union EU Seafood1 S.A., a holding company for European investment, as a surrogate company to file Country-by-Country Reports which were prepared based on the OECD’s recommendation to the tax authorities as required by local laws in many jurisdictions. Moreover, the Company is working to implement standard global policies accepted by international standards to apply across the Group.</p> <p>In this regard, Group transfer pricing policies have already been prepared to support our current position. In addition, transfer pricing three-tiered documents (i.e. Master File, Local Files and Country-by-Country Reports) will be prepared and updated annually to ensure compliance with the new requirements.</p>

FINANCIAL RISKS	
RISK	MANAGEMENT AND MITIGATION
EXCHANGE RATE AND OTHER FINANCIAL RISKS	
<p>With a presence in a large number of countries, the company is exposed to a variety of financial risks coming from foreign exchange, interest rates, trade receivables, investment activities and borrowings</p> <p>The risks are primarily:</p> <ol style="list-style-type: none"> <li>1. Foreign exchange risks on commercial flows, financing/investing activities, net investments in foreign subsidiaries and tuna we purchased in a foreign currency</li> <li>2. Interest rates risk on borrowings</li> <li>3. Credit risks</li> </ol> <p>In 2018, there were significant uncertainties from the US-China Trade War, US mid-term elections, global interest rate hikes, BREXIT, and political unrest. These events created financial risks especially to foreign exchange fluctuation.</p> <p>BREXIT led to currency fluctuations for the GBP against the EUR and USD and impacted John West's import costs and product pricing as well as translation effects.</p> <p>The fiscal and monetary policies as well as the foreign policies of the U.S. administration had a significant impact on foreign exchange and led to a weakening of the USD against all other key currencies that the company has businesses in i.e. EUR, JPY, GBP and THB.</p>	<p>The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.</p> <p>Financial risk management is carried out by the Group Treasury Committee. The Group's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved.</p> <ol style="list-style-type: none"> <li>1. For foreign exchange risk, the company's policy and strategy to manage risks are follow: <ul style="list-style-type: none"> <li>• For trading activities, the company used natural hedging and entered into forward exchange contracts when considered appropriate.</li> <li>• For all borrowing, or lending, or placing deposits in other currencies where that currency will be used, 100 percent hedging on foreign exchange risks is a must.</li> <li>• For equity investments where the return can be expected from dividend payments or recapitalization, the decision of hedging on equity investments will be decided by the Group Treasury Committee.</li> </ul> </li> <li>2. For interest rate risks, the company manages or caps portions of borrowing by using interest rate derivatives to achieve an acceptable targeted level of fixed/floating rate net borrowing.</li> <li>3. For credit risks, the company has policies and controls to minimize the risks, while trade insurance has been bought for most customers.</li> </ol> <p>See more detail on financial risk management in Notes 3 to the financial statement on page 202</p>



OPERATIONAL RISK	
RISK	MANAGEMENT AND MITIGATION
INVENTORY MANAGEMENT	
<p>In 2018, the company's inventory value was THB 38,371 million, which accounts for 27 percent of its total assets. They are stored and managed by Thai Union's facilities or third party logistics service providers (3PL). Without proper inventory management, risks can occur, such as excessive or inadequate inventory levels, high carrying costs, obsolescence, loss and damage, and fraud. These risks can impact the company's financial statement and asset values.</p> <p>Moreover, our key raw materials such as tuna, shrimp and salmon face pricing volatility in commodity markets. This causes a materiality impact to inventory values at all times.</p>	<p>The company is actively managing inventory through continuous monitoring of stock levels, reviewing of demand forecasts and supply planning processes on a monthly basis. This ensures that the company can fulfill customer orders while optimizing our financial position.</p> <p>The Key Risk Indicators (KRIs), we are monitoring and reporting on a quarterly basis the status of real-time transaction stock recording, allowance for net realizable value, and day in inventory ratio.</p> <p>To provide unified guidance on the accounting treatment and improve inventory management efficiency, the company launched a new Inventory Provisions Policy in 2018 as part of the Group Financial Reporting Guidelines which all entities were required to comply. The policy provided guidance on determining the amount of inventory costs and their subsequent recognition as expense. This also gives guidance on write-down of inventory to net realizable value (NRV) when NRV is lower than inventory cost, and when inventory is obsolete, slow-moving or defective according to a percentage and process set forth in the policy.</p> <p>To ensure our inventory's existence and completeness and to enable an accurate physical count, all entities are mandated to perform a full physical inventory count once a year in compliance with the Group Standard Operating Procedure (SOP) of Physical Stock Taking. Third party logistics service providers are required to send a formal inventory balance confirmation on a quarterly basis as well as undertake an on-site inspection by Thai Union's representative on a regular basis to ensure that the inventory is kept in good and safe conditions and meets the required standards.</p>

OPERATIONAL RISK	
RISK	MANAGEMENT AND MITIGATION
RAW MATERIAL RISK	
<p>Our key raw materials like tuna and shrimp are similar to commodity prices, with no direct hedging instruments and market prices can decrease or increase rapidly.</p> <p><b>TUNA</b> In 2018, the company faced both price volatility and supply scarcity. When tuna prices were high, it was difficult for our branded sales to pass on volumes and prices to customers. But when the tuna price was low, it pressured our private label sales in Thailand because our business model follows the “tuna market price” rather than inventory costs, which were higher.</p> <p>In addition to price risks, the company was confronted with tight tuna supplies, especially Yellowfin tuna, which is impacted by a quota allocation system (QAS) and irregular ocean temperatures.</p> <p><b>SHRIMP</b> Thai Union’s frozen shrimp processing facilities in Thailand primarily procure raw materials from local sources, while our U.S. based frozen seafood unit (Tri-Union Frozen Products, Inc.) has a highly-diversified supply base given the nature of its trading operations.</p> <p>In 2018, Thai shrimp raw material prices were generally lower than 2017 as regional supply continued to increase and Thailand’s status as the world’s major shrimp exporting country faded.</p> <p>Typical risk factors impacting shrimp raw material prices in Thai operations include supply disruption, demand and supply imbalance, any change in import regulations by buyer countries and price competition from other exporting countries, while our U.S. based frozen seafood unit is subject to price risks related to the supply and demand situation in major producing countries.</p> <p><b>SALMON</b> Salmon raw material prices for our European chilled business continued to fluctuate. Prices were high due to increased consumption, as salmon is considered a healthy food.</p> <p>More detail of raw material prices and price history. <a href="http://investor.thaiunion.com/raw_material.html">http://investor.thaiunion.com/raw_material.html</a></p>	<p>Our sourcing strategy balances seafood stock availability with price volatility, securing continuous access to sustainable raw seafood material from reliable suppliers.</p> <p><b>TUNA</b> The company has a global fish procurement organization with a team of experts to enhance our strategic sourcing capability and supply chain management of fish. With centralized sourcing, the company is able to leverage our global scale and build best-in-class sourcing capabilities.</p> <p>On the operational level, the team closely monitors and mitigates challenges around prices and supply that is common in our business today. This improvement increased communication and information transparency throughout the supply chain of all TU factories.</p> <p><b>SHRIMP</b> To differentiate ourselves from the competition, reduce cost pressure and secure profitability, we actively invest in new processes and equipment in order to meet new customer standards and requirements through obtaining globally recognized certificates, launching new and innovative products, and initiating industry-leading sustainability programs.</p> <p>To reduce an over-dependence on certain markets, we also diversify into new export destinations, such as Asian countries, in addition to the Thai market. We also partner with major customers through exclusive supply contracts with the option of partial shipments over an extended period of time to ensure stable and acceptable pricing.</p> <p><b>SALMON</b> The company performed hedging partly to mitigate price volatility and also to negotiate with suppliers and customers to agree on a price index. Additionally, the company implemented a tracking tool to monitor the main drivers of salmon prices in order to adapt our strategy if needed.</p>









# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The second half of 2018 saw a strong recovery in our core operations. While business started soft during the first and second quarters of 2018 amidst volatile raw material prices and unfavorable currency movement, Thai Union's financial operation recovered to record the highest quarterly normalized profit in recent years in 3Q18 and record quarterly sales in 4Q18. The company delivered a very strong cash flow performance that led to consistent dividend payments and a gradual debt repayment.

Thai Union posted sales of THB 133.3 billion, a marginal decline of 1.2 percent compared to the previous year. With a contraction of 3.4 percent in 1H18 and growth of 0.8 percent in 2H18, the Thai Baht's appreciation against key trading currencies and the company's high exposure to overseas business activities wedged on Thai Union's top line in 2018. However, in terms of U.S. dollars, the company achieved record revenue of USD 4.1 billion, an increase of 3.5 percent from the previous year. The underlying sales growth was mainly driven by volume expansion in the course of the year.

Thai Union recorded a 2018 normalized net profit of THB 5.2 billion, down 13.4 percent from its net profit during 2017. The decline was mainly due to weak operations during 1Q18 and the lack of positive one-off items that occurred in 2018. Despite the weakness during 1Q18, Thai Union delivered a solid operation recovery in the second half of 2018, where its 2H18 operating profit improved 44 percent from the similar period in 2017.

Based on its financial statement, Thai Union reported a 2018 net profit of THB 3.3 billion, which accounted for a number of one-time non-operating items

including: 1) A U.S. legal settlement net accrual of THB 1.4 billion (2Q18); 2) ESCo chilled salmon Scotland business closure-related expenses of THB 489 million (2H18); and 3) An investment impairment of THB 87 million (4Q18) in our farm and hatchery business.

Thai Union's free cash flow during 2018 improved significantly to THB 8.4 billion, thanks to strong EBITDA generation and tight control on working capital. The company's net interest-bearing debt fell THB 3.5 billion to THB 62.9 billion while lowering net-debt-to-equity to 1.35 times at the end of 2018, from 1.38 times at the end of 2017.

The 2018 ambient seafood business saw sales decline slightly from the previous year while gross profit also decreased slightly by 0.7 percent from 2017, mostly from a more stable tuna raw material price environment, which enabled the business margin to recover to a more normalized level. The frozen, chilled and related seafood business saw sales decline by 3.3 percent from the previous year despite sales volume growth of 2.2 percent. The Thai Baht's appreciation against key trading currencies and a price decline in domestic shrimp prices prompted a sales contraction. We continued our strong growth focus on PetCare and value-added items, as seen in the segment's revenue growth amidst unfavorable currency movement.

The ambient seafood business remained the largest sales contributor for Thai Union with 46 percent of 2018 total sales. The frozen, chilled seafood and related business accounted for 40 percent of total sales, down marginally from 41 percent a year ago due to a decline in shrimp prices and a depreciating U.S. dollar against the Thai Baht that affected Thai Baht sales. The segment's sales volume improved from the previous year due to increased shrimp sales volume during the year.

During 2018, the U.S. market remained the company's largest market with a contribution of 38 percent to revenue. Thai Union's European business contributed 30 percent of total sales. Thailand domestic sales accounted for 11 percent, the sales contribution improving from 9 percent a year earlier. Besides product price adjustments to reflect raw material prices, Thailand's growth came from diversifying sales in the home market to offset weaker export markets from the Thai Baht's appreciation against key trading currencies, as well as the collaboration from affiliate partner, Thammachart Seafood, which the company has recently invested in. Other important markets were Japan at 6 percent, while markets such as

Africa and the rest of Asia made up the remaining 16 percent of Thai Union's sales. Initiatives in China, including the collaboration with Thammachart Seafood on food service, should continue to explore new channels to the Chinese market in 2019.

The following are key factors which contributed to the company's 2018 performance:

1. **More stable tuna raw material prices in 2018.**

During 2018, the average quarterly tuna price ranged between USD 1,400 - 1,700 per ton. The more stable tuna environment resulted in a profit margin recovery in the ambient seafood business to a more normalized level in the latter half of the year. The domestic private-label tuna business delivered solid sales and a margin recovery during 2018. Despite weak profitability in the ambient business during 1Q18, the overall ambient business gross margin only declined 0.13 percent from the previous year to 16.9 percent in 2018.

2. **Lobster business recovery in 2018.** Lobster business profitability recovered in 2018 for the first time since 2016. Higher production volumes, product price adjustments to reflect prevailing market prices, and more sales of live lobster to the Chinese market all contributed to the lobster business margin recovery. 2018 lobster gross profit significantly improved to THB 250 million, with a gross margin at 5.3 percent, up from 1.1 percent during 2017.

3. **One-time US legal accrual.** During 2Q18, Thai Union's subsidiary, Chicken of the Sea, reached a settlement with Walmart in the ongoing antitrust litigation in the U.S., and the company is in advanced negotiations in various other litigation discussions. As a result, Chicken of the Sea recorded a USD 44 million one-time accrual to reflect potential risks.

4. **Closure of loss-making Scotland chilled salmon business.** Following Thai Union's subsidiary, Européenne de la Mer's, announcement of its intention to divest the loss-making chilled salmon business in Scotland, The Edinburgh Salmon Company Ltd ("ESCo"), no feasible alternative solution to closure was found during the collective consultation period. As a result, ESCo ceased operations on December 31, 2018. Thai Union recorded expenses related to the business closure of ESCo of THB 489 million in 2018.

5. **Strategic investment in Red Lobster contributed to net profit accretion.**

In 2016, Thai Union made a USD 575 million strategic investment in Red Lobster, the world's largest seafood restaurant chain. During 2018, the investment added a net contribution of THB 456 million to the company's net profits, mostly in the form of interest income from the convertible preferred units and tax credit as a result of the investment. The operational performance of Red Lobster has been below expectations and, while profit recovered, the standalone business has not been net income positive.

Red Lobster is the world's largest seafood restaurant company with annual revenue of USD 2.5 billion and operates over 750 stores globally through own-operations and franchisees.

6. **Currency fluctuations.** Thai Union has approximately 90 percent of sales occurring in foreign currencies, mostly in U.S. Dollar, Euro, and, to some degree, British Pound. With the Thai Baht significantly appreciating against the U.S. Dollar in 2018, the company recorded a small decline in annual revenue in 2018. However, excluding the currency impact, the company still delivered sales growth of 3.5 percent compared to a year ago. And through prudent currency hedging management, the company capitalized on the Thai Baht's appreciation, which resulted in significant foreign exchange gains of THB 972 million during the year.

7. **Prudent SG&A expense management.** During 2018, Thai Union continued to focus on internal cost efficiencies, active cost control, and various cost efficiency initiatives implemented during the year. As a result, the company's 2018 SG&A expense decreased 1.2 percent year-over-year. This resulted in the company achieving SG&A to sales ratio of 10.7 percent, which was stable from a year ago despite a marginal sales decline during the year.

8. **Strong cash flow reduced balance sheet leverage.** Despite a decline in headline net profits, the company recorded free cash flow of THB 8.4 billion during 2018, almost tripling that of 2017. The strong cash flow was supported by core business profitability recovery, efficient working capital management and falling key raw material prices. As a result of the strong cash flow, Thai Union repaid over THB 3.5 billion of debt during the year, and as of end-2018, the net debt-to-equity declined to 1.35 times, down from 1.38 at the end of 2017. Overall, the ratio is still well below our debt covenant threshold of 2.0 times.



## AMBIENT SEAFOOD BUSINESS

The ambient seafood business recorded sales of THB 62.3 billion, up 0.1 percent from THB 62.2 billion a year ago. While the average selling price improved 2.8 percent as the company sales mix shifted in favor of higher priced and more value-added product categories, the volume sales declined 2.8 percent compared to 2017 to 359,246 tons as the company reduced sales of bulk, lower-margin products. As a result, the gross profit margin of ambient seafood was relatively stable from a year ago at 17.0 percent in 2018.

On average, the skipjack price (WPO/Bangkok landing) during the year decreased 17.8 percent to USD 1,530 per metric ton from USD 1,860 per metric ton a year ago. While tuna prices dropped sharply during 1Q18, quarterly tuna prices become more stable in a range of USD 1,400 to USD 1,700 throughout the year. As a result, the ambient business gross margin was under pressure in 1Q18 before recovering to a more normalized level in the second half of the year, due to ongoing price negotiations with customers and a keen focus on operation cost optimization.

## FROZEN, CHILLED SEAFOOD AND RELATED BUSINESS

The frozen, chilled seafood and related business recorded sales of THB 52.8 billion, down 3.3 percent from THB 54.6 billion a year ago, mainly driven by falling shrimp raw material prices. Thanks to continued demand growth, 2018 sales volume increased 2.2 percent to 246,449 tons. The sales were readjusted downward to exclude the financials of the loss-making chilled salmon business in Scotland, The Edinburgh Salmon Company Ltd (“ESCO”), which ceased operations on December 31, 2018.

Shrimp price declined from a year ago, with the 2018 average domestic shrimp price (60 piece per kilogram) at THB 157 per kilogram, down 14.6 percent from the 2017 average price. The 2018 gross profit margin slightly declined to 9.1 percent from 9.6 percent a year ago. Significant Thai Baht appreciation against U.S. Dollar during 2018 put pressure on the business profitability. The company’s effort to diversify sales into domestic and other overseas markets besides the United States and a keen focus on value-added products resulted in margin recovery throughout the year. Moreover, the lobster business profitability saw some recovery in 2018, due to higher production volume, price adjustment, and more sales of live lobster to the Chinese market.

## FINANCING AND INVESTMENT

During 2018, we carried out a few important investment and divestment activities as follows:

1. **Thai Union acquired 25.1 percent shares of Thammachart Seafood.** Thai Union completed the acquisition of 25.1 percent shares of Thammachart Seafood Retail Co., Ltd (TSR) in Thailand, as part of efforts to expand the company’s business portfolio. TSR operates two F&B concepts at eight locations, including The Dock Seafood Bar, The Lobster Lab, and the management of the Ocean Bar. TSR also supplies seafood for seafood counters and handles fresh and frozen products at 158 Thai modern-trade retailing locations. Thai Union also introduced Thammachart Seafood’s premium seafood F&B store, The Lobster Lab, through the King Oscar (China) brand in Alibaba retail supermarket Herma, Shanghai, China. It offers fresh lobsters from the U.S. and Canada, in both take-out and dine-in restaurant formats.
2. **Thai Union acquired 45 percent shares of TUMD Luxembourg.** Thai Union completed an acquisition of 45 percent equity in TUMD Luxembourg S.a.r.l (TUMD). TUMD is a retail-focused fish and seafood business operating Russia’s number one canned tuna producer as well as in the frozen seafood segment. Its brand portfolio includes Maguro, Captain of Tastes and Rybar.
3. **Divestment of loss-making salmon business.** Following Thai Union’s subsidiary, Européenne de la Mer’s, announcement of its intention to divest the loss-making chilled salmon business in Scotland, The Edinburgh Salmon Company Ltd (“ESCO”), no feasible alternative solution to closure was found during collective consultation period. As a result, ESCo ended production operations as of December 31, 2018. Thai Union recorded expenses related to the business closure of ESCo amounted to THB 489 million in 2018.

## FUTURE PROSPECT AND ACTION PLAN

In 2019, we expect to deliver sales growth driven by three main sources: 1) organic expansion of our existing business through growing volume sales, 2) growth in our new business divisions, Emerging Markets, Food Service and Ingredients through product and process innovation and further venturing into new markets, and 3) improve business collaboration with the company’s affiliates and subsidiaries.

On the back of continued sales growth expectations into 2019, Thai Union expects its profit margin to improve in 2019 due to 1) a keen emphasis in overhead cost control and operation cost optimization on all levels of organization, 2) turnaround in our North American lobster business, 3) closure of the loss-making Scotland chilled salmon business and 4) introduction of new innovative products.

Thai Union continues to prioritize the following five key areas of operation into 2019:

#### 1. Operational Excellence

- Continue to negotiate and reprice our products to reflect actual costs
- Focus on cost productivity in plants and SG&A functions and achieve improved profitability and efficiency of existing operations

#### 2. Mergers & Acquisitions / Post-Merger Integrations

- Red Lobster continues to support business growth, net income contribution and international expansion
- Improve business integration and collaboration globally
- Maintain conservative approach on new M&A with a focus on smaller deal sizes rather than large acquisitions

#### 3. New Businesses

- Further penetrate into emerging markets and utilize the company's global brand presence more effectively with a focus on the Chinese market
- Full commercial launch of our Ingredients business to utilize the company's co-products at higher values

#### 4. Innovation

- Expand our Global Innovation Center (GIC) to cover our PetCare and frozen shrimp business and re-align our innovation efforts around packaging technology, process innovation, by-products valorization and continued re-invention of the tuna category
- Successful commercialization of GIC projects, both on new products and processes initiatives

#### 5. Sustainability

- Expand our SeaChange® sustainability program and Tuna Commitment to address our commitment towards plastic packaging as well as our support to the Global Ghost Gear Initiative
- Demonstrate leading capabilities in responsible sourcing and fair labor

In 2019, total planned capital investment will be THB 4.8 billion as we continue to improve and streamline our existing operations in order to achieve sustainable long-term growth as well as the capital expenditure related to the new business division. Key investment items will be machinery and equipment, construction and improvements on buildings as well as investments in the new shrimp feed business in Indonesia. Due to the continual expansion of our existing business, the general financial health should improve further as positive cash flows increase.

Our dividend policy to pay at least 50 percent of our net profits, remains unchanged. We plan to continue our practice to pay a half yearly interim dividend.

Thanks to our prudent capital working management and key raw material price decline, we have managed to record solid free cash flow of THB 8.4 billion. As a result, the company paid dividend payments of THB 0.40 per share for operating year 2018, which reflected the consistently high dividend payout ratio of 59 percent of normalized net profit. Thai Union has consistently paid dividends every year since the company's listing on the Stock Exchange of Thailand in 1994.

## COMPARATIVE FINANCIAL RATIOS

RATIOS	2016	2017	2018
<b>LIQUIDITY RATIOS</b>			
Current Ratio (Times)	1.01	1.71	1.36
Quick Ratio (Times)	0.29	0.47	0.40
<b>LEVERAGE RATIOS</b>			
Gearing Ratio (Times)	2.00	2.04	2.05
Debt to Equity (Times)*	1.39	1.40	1.39
Net Debt to Equity (Times)*	1.37	1.38	1.35
Times Interest Earned (Times)	5.27	4.13	3.96
<b>EFFICIENCY ACTIVITY RATIOS</b>			
Total Assets Turnover (Times)	1.06	0.94	0.93
Inventory Turnover (Times)	3.06	2.79	2.81
Account Receivable Turnover (Times)	8.83	9.37	9.56
Account Payable Turnover (Times)	10.77	9.21	8.54
Inventory Days (Days)	118	129	128
Account Receivable Days (Days)	41	38	38
Account Payable Days (Days)	33	39	42
<b>PROFITABILITY RATIOS</b>			
Gross Profit Margin (%)	14.8	14.3	14.2
EBITDA margin (%)	8.4	8.6	8.3
Net Profit Margin (%)	3.9	4.4	3.9
Return on Average Equity (%)	11.8	13.7	11.9
Return on Assets (%)**	6.5	6.1	5.6
Return on Capital Employed (%)	10.6	9.2	7.7
<b>PER SHARE DATA</b>			
Normalized Earning Per Share (Thai Baht)***	1.10	1.26	1.09
Reported Earning Per Share (Thai Baht)	1.10	1.25	0.68
Dividend Per Share (Thai Baht)	0.63	0.66	0.40
Book Value Per Share (Thai Baht)	9.06	9.28	9.06

\* Debt = Interest bearing debt only

\*\* Pre-tax ROA = EBIT/Average total assets

\*\*\* Earning per Share: EPS is calculated based on normalized net profit.

## FINANCIAL ANALYSIS

### AN OVERVIEW

2018 started out challenging with volatile operating environments both on the raw material prices and currencies, before the situation became more stable in the second half of the year. While 2018 sales in Thai Baht terms marginally declined 1.2 percent from the previous year, excluding the foreign currency impact, Thai Union delivered record annual sales in U.S. Dollar terms of USD 4.1 billion, an increase of 3.5 percent from the 2017 level.

The raw material price environment became generally more stable during 2018. Average tuna raw material prices decreased to USD 1,530 per ton, down 17.8 percent compared to the previous year. The average domestic shrimp price also declined from the 2017 average price level. Thai Union managed to recover business profitability toward a more normalized level, especially during the latter half of the year, through ongoing business discussions with customers, production cost optimization and market diversification.

2018 domestic shrimp production remained stable from 2017 levels with the country's total output estimated at approximately 300,000 tons, due to lower domestic shrimp prices and increased global supply from increased shrimp production out of India. Our frozen, chilled seafood and related business continued to grow in terms of volume sales, due to an increased domestic shrimp export market share and more focus on higher margin value-added products.

Thai Union recorded a 2018 normalized net profit of THB 5.2 billion, down 13.4 percent from the net profit during 2017. The decline was mainly due to weak operations during 1Q18 and a lack of positive one-off items that occurred in 2018. Despite the weaker 2018 net profit year-over-year, Thai Union delivered a solid free cash flow of THB 8.4 billion, up from THB 2.9 billion in 2017. Strong free cash flow enables the company to continue delivering a high dividend payout ratio of 59 percent of normalized net profit during the year.

Based on the financial statement, 2018 reported a net profit of THB 3.3 billion, which when compared to the normalized net profit of THB 5.2 billion, accounted for a number of one-time non-operating items including: 1) A U.S. legal settlement net accrual of THB 1.4 billion (2Q18); 2) ESCo chilled salmon Scotland business closure-related expenses of THB 489 million (2H18); and 3) An investment impairment of THB 87 million (4Q18) in our farm and hatchery business.

### SALES

Thai Union reported a 2018 sales decline to THB 133.3 billion (down 1.2 percent year-over-year), due to the Thai Baht's appreciation against the U.S. dollar throughout the year. However, in U.S. Dollar terms, Thai Union's 2018 sales were at USD 4.1 billion (up 3.5 percent year-over-year), with the growth driven by organic sales volume growth through new market penetration.

The ambient seafood sales contribution was at 46 percent during 2018, stable from 46 percent in the previous year, as the segment product average selling price increase was offset by a marginal volume contraction. The 2018 frozen, chilled seafood and related business sales contribution marginally declined to 40 percent, down from 41 percent in 2017, due to a decrease in shrimp prices and the Thai Baht's appreciation affecting export sales out of Thailand. PetCare, value-added and others business segment contributed the remaining 14 percent of total sales (up from 13 percent in 2017).

The U.S. market remains Thai Union's largest market with sales contribution of 38 percent of total sales, down from 39 percent during 2017, mainly due to the depreciation of the U.S. dollar against the Thai Baht by 4.6 percent during 2018. Sales contributions from European markets was 30 percent (stable from 2017 levels). Thai market sales contribution improved to 11 percent, up from 9 percent, due to improved sales volumes and new product launches. Japan's market contribution remained at 6 percent, unchanged from the previous year.

2018 branded sales mix decreased to 41 percent (down from 42 percent during 2017), mostly driven by U.S. Dollar and European currencies depreciating against the Thai Baht during the year, leaving the private label sales contributing the remaining 59 percent of 2018 sales (from 58 percent during 2017). The private label sales volume improved by 3.7 percent from a year ago, resulting in a more efficient utilization and margin enhancement. The contribution from sales to the food service channel was at 11 percent of total sales, approximately half in branded and half in private label.

### GROSS PROFIT

Despite a strong recovery in the second half of 2018, the gross profit for the year was THB 18.9 billion, a decline of 2.2 percent year-over-year, driven mainly by raw material prices and foreign currency volatility that contributed to a weak 1Q18 performance. 2018 gross margin was at 14.2 percent, down from 14.3 percent during 2017.

The ambient seafood business showed a gross margin stable at 17.0 percent. Stable profitability was mainly due to the more stable tuna raw material environment during the year. The company also focused on more value-added products, that while marginally pressured sales volume, benefited segment profitability stability.

With strong Thai Baht appreciation during early 2018, the frozen, chilled seafood and related business gross margin was challenging during the first half of the year. However, with the diversification of the shrimp business outside of the U.S. market and the lobster business recovery, the frozen, chilled seafood and related business gross margin improved to a more normalized level in the second half of 2018. The gross margin of PetCare, value-added and others business improved year-over-year, mainly due to the more stable tuna raw material price environment.

#### SELLING AND ADMINISTRATIVE EXPENSES (SG&A)

2018 SG&A to sales ratio was 10.7 percent, stable from 2017 levels. However, the SG&A expenses were down 1.2 percent year-over-year to THB 14.2 billion, which is mostly attributed to stringent cost controls across the company.

#### OPERATING PROFIT

2018 operating profit was THB 4.7 billion, down from THB 4.9 billion during 2017, mainly due to weak operations in 1Q18 from the Thai Baht appreciation and volatile raw material prices. However, the operating profit in the second half of 2018 significantly improved from the same period a year ago as a result of improved operations from more stable raw material prices and stringent cost controls. The 2018 operating profit margin declined 15 bps year-over-year to 3.5 percent.

#### OTHER INCOME (INCLUDING SHARE OF INCOME FROM INVESTMENT IN ASSOCIATES)

2018 other incomes decreased 9.6 percent year-over-year to THB 2.5 billion, mainly attributable to a weaker contribution from affiliates and a lack of one-off, non-operating items during 2018.

#### FINANCE COST

2018 finance cost was at THB 2.0 billion, down 5.2 percent year-over-year from THB 2.1 billion in 2017, partly due to debt repayment and lower effective

interest cost of 3.07 percent versus 3.21 percent during 2017.

#### FX GAIN/LOSS

During 2018, the company reported FX gains of THB 972 million, mainly thanks to a prudent hedging practice amidst strong Thai Baht appreciation, especially during the first half of 2018. However, the FX gain was still down from THB 1.3 billion recorded in 2017, where currency volatility persisted throughout the year.

#### FINANCE COST

2018 finance costs were THB 2.0 billion, down 5.2 percent year-over-year from THB 2.1 billion in 2017, partly due to debt repayments and lower effective interest costs of 3.07 percent versus 3.21 percent during 2017.

#### CORPORATE INCOME TAX

2018 income tax expenses were THB 189 million, from the tax credit of THB 65 million during 2017. Tax expenses during 2018 were mainly due to a lack of tax credit from the French business as a result of corporate tax reductions in 2018.

#### NET PROFIT

2018 normalized net profit was at THB 5.2 billion, decreasing by 13.4 percent from THB 6.0 billion in 2017. This decline was mainly attributable to a weak 1Q18 operating result and weaker non-operating items. 2018 reported net profit was at 3.3 billion, which accounted for a number of one-time, non-operating items related to the U.S. legal settlement net accrual of THB 1.4 billion (2Q18), ESCo chilled salmon Scotland business closure-related expenses of THB 489 million (2H18), and an investment impairment of THB 87 million (4Q18) in our farm and hatchery business.

#### ASSETS

Total assets in 2018 amounted to THB 141.9 billion, representing a decrease of THB 4.2 billion from THB 146.1 billion in 2017.

- Net trade receivables were THB 13.9 billion, down 0.9 percent or THB 119 million from THB 14.0 billion in 2017. Accounts receivable turnover improved to 9.56 times from 9.37 times in 2017, due to a lower average account receivable.



2018 accounts receivable days remained at 38 days. This showed the company's consistency in terms of collection turnover.

- Net inventories decreased by 11.1 percent to THB 38.4 billion from THB 43.2 billion a year ago due mainly to a decline in tuna raw material prices and more efficient inventory management. As a result, 2018 inventory days decreased to 128 days from 129 days a year ago.
- The asset turnover rate slightly decreased to 0.93 times in 2018 from 0.94 times in 2017 due to a sales decline of 1.2 percent in 2018 compared to the previous year.
- The current ratio declined year-over-year to 1.36 times in 2018 from 1.71 times in 2017. Similarly, the quick ratio decreased to 0.40 times from 0.47 times. The decrease of both ratios was mainly due to increasing the current portion of debentures during 2018.
- Property, plant and equipment totalled THB 26.5 billion, an increase from THB 25.3 billion in 2017 partly due to the capital expenditure for both organic growth and new businesses.

## LIABILITIES

Total liabilities in 2018 amounted to THB 95.4 billion, representing a decrease of THB 2.6 billion from THB 98.0 billion in 2017.

- Trade payables were THB 13.2 billion, down 3.3 percent from THB 13.6 billion in 2017. The 2018 trade payables days increased to 42 days from 39 days in 2017, thanks to better management of trade terms with suppliers as well as a focus on supply chain finance programs to improve overall payables. The accounts payable turnover rate was at 8.54 times compared with 9.21 times a year ago.
- Bank overdrafts and short-term loans decreased by 12.3 percent to THB 13.4 billion from THB 15.2 billion in 2017 due to debt repayments during 2018.
- Long term loans decreased by 18.3 percent to THB 41.6 billion from THB 50.9 billion also due to debt repayment during 2018.
- Interest-bearing debts were THB 64.5 billion, down 4.2 percent from THB 67.3 billion a year ago. The proportion of long-term debts (including the current portion) was at 78 percent of the total interest-bearing debts

## SHAREHOLDERS' EQUITY

- Equity attributable to shareholders of the company in 2018 amounted to THB 43.2 billion, representing a decrease of THB 1.1 billion from THB 44.3 billion in 2017 due mainly to declining reported net profit during the year.
- Total liabilities to equity ratio in 2018 marginally increased to 2.05 times, from 2.04 times in 2017 mainly due to a decrease in total shareholders' equity as a result from declining reported net profit during the year.
- The company's net debt-to-equity ratio decreased to 1.35 times at end-2018 from 1.38 times a year ago. This ratio is still well below the debt covenant threshold of 2.0 times, but is higher than our long-term target range of 1 to 1.2 times. 2018 net debt was at THB 62.9 billion, a decrease from THB 66.4 billion in 2017.
- Return on average capital employed in 2018 was at 7.7 percent, down from 9.2 percent in 2017, mainly due to a lower profitability. The return on average equity in 2018 decreased to 11.9 percent from 13.7 percent in 2017 due to a decrease in total shareholders' equity as a result of declining reported net profit during the year.

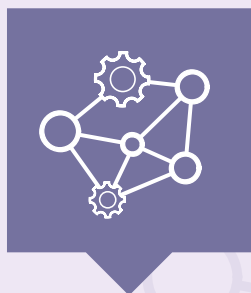
## CASH FLOWS

In 2018, net cash receipts from operating activities were at THB 12.9 billion. Positive cash flow was driven mostly by profitable operation (EBITDA: THB 11.0 billion) from operation improvement. Moreover, efficient working capital management has also eased the pressure on inventory. Despite weak sales, 2018 inventory value declined by 11.1 percent, which was more than sales compared to the previous year.

Net cash payments for investing activities were at THB 3.4 billion (from THB 2.4 billion during 2017), mainly from the regular capital expenditure during 2018.

Thai Union recorded net cash payments for financing activities of THB 8.7 billion during 2018, largely from an interim dividend payment and a short-term debt repayment during the period due to strong operating cash flow generation.

A net increase in cash and cash equivalents, including an exchange gain on cash and cash equivalent, was at THB 707 million, resulting with an end-2018 cash and cash equivalent balance of THB 1.6 billion (excluding the impact from the use of bank overdraft).



# SHAREHOLDING STRUCTURE AND MANAGEMENT

## TOP 10 SHAREHOLDERS ARE AS FOLLOWS:

NO.	SHAREHOLDERS	SHARES	%
1	Chansiri Family	933,855,500	19.57%
2	Thai Nvdr Co., Ltd.	383,215,257	8.03%
3	Mitsubishi Corporation	347,745,120	7.29%
4	Social Security Office	343,822,508	7.21%
5	Niruttinanon Family	327,400,052	6.86%
6	The Bank Of New York Mellon	162,594,339	3.41%
7	Bualuang Long-Term	125,657,600	2.63%
8	Ubs Ag Singapore Branch	113,700,000	2.38%
9	State Street Europe Limited	111,337,106	2.33%
10	South East Asia UK (Type C) Nominees Limited	94,074,782	1.97%

## SHAREHOLDING STRUCTURE

NATIONALITY	JURISTIC PERSONS			NATURAL PERSONS			TOTAL		
	No. of persons	No. of shares	%	No. of persons	No. of shares	%	No. of persons	No. of shares	%
THAI	567	1,613,261,495	54.35%	11,470	1,625,933,398	90.16%	12,037	3,239,194,893	67.88%
FOREIGN	179	1,355,103,847	45.65%	45	177,516,756	9.84%	224	1,532,620,603	32.12%
<b>TOTAL</b>	<b>746</b>	<b>2,968,365,342</b>	<b>62.21%</b>	<b>11,515</b>	<b>1,803,450,154</b>	<b>37.79%</b>	<b>12,261</b>	<b>4,771,815,496</b>	<b>100.00%</b>

**Remark:** As of 28 December 2018, from a total of 4,771,815,496 shares traded and paid at THB 0.25 a share and included shares of concerned parties and under the same corporate group.

## COMPARISON OF SHARES HELD BY THE BOARD INCLUDING THOSE OF THEIR SPOUSES AND CHILDREN UNDER LEGAL AGE

Between 1 January 2018 - 28 December 2018

	DIRECTORS AND MANAGEMENT	POSITION	AS OF 1 JANUARY 2018	PURCHASE	SELL	TRANSFER	AS OF 28 DECEMBER 2018
1	Mr. Kraisorn Chansiri	Chairman	231,134,720 4.84%				231,134,720 4.84%
2	Mr. Cheng Niruttinanon	Executive Chairman	265,059,216 5.55%	695,700			265,754,916 5.57%
3	Mr. Chuan Tangchansiri	Executive Director	38,668,000 0.81%				38,668,000 0.81%
4	Mr. Thiraphong Chansiri	President & CEO	529,785,212 11.10%	1,080,000	(25,800,000)		505,065,212 10.58%
5	Mr. Rittirong Boonmechote	President - Global Frozen and Related Units	63,442,980 1.33%				63,442,980 1.33%
6	Mr. Kiyotaka Kikuchi	Director	-				-
7	Mr. Ravinder Singh Grewal Sarbjit S	Director	-				-
8	Mr. Shue Chung Chan	Executive Director	12,295,272 0.26%				12,295,272 0.26%
9	Mr. Sakdi Kiewkarnkha	Independent Director	-				-
10	Dr. Thamnoon Ananthothai	Independent Director	-				-
11	Mr. Kirati Assakul	Independent Director	103,248 0.00%				103,248 0.00%
12	Mr. Nart Liuchareon	Independent Director	- -				- -
13	Mr. Joerg Ayrle	Group CFO	106,000 0.00%				106,000 0.00%
14	Mr. Leonardus Coolen	Managing Director, Ingredients	- -				- -
15	Dr. Tunyawat Kasemsuwan	Group Director, Global Innovation	- -				- -
16	Dr. Darian May McBain	Group Director, Corporate Affairs and Sustainability	- -				- -
17	Mr. Patrick Bertalanffy	Group Director, Strategy	- -				- -
18	Mr. Sanjeev Pant	Managing Director, Emerging Market	- -				- -



# CONNECTED TRANSACTIONS

The company has connected transactions with individuals/parties who might have conflicts of interest when considering the shareholding structure, or as a result of the materiality or significance of such transactions. Those transactions shall not cause any conflict of interest to the minority shareholders. Nevertheless, the

company shall review such transactions based on data and information and shall analyze if such transactions are reasonable and have been conducted for the benefits of the company. In case that such transactions have significant materiality implications in accordance with the Notification of the Stock Exchange of Thailand, the company shall request for procedures to be carried out according to regulations such as reviewed by the Audit Committee, approved by the board of directors, disclosing information to the Stock Exchange of Thailand through the use of information technology, delivering information to shareholders through the use of information technology, advertising in newspapers, and organizing shareholders' meetings for approvals of transactions.

Furthermore, the company has revised the regulation of the company and its subsidiaries by adding statements regarding treatments for connected transactions or transactions involving acquisitions or sales of the company's assets in accordance with the Notification of the Stock Exchange of Thailand. Details about such transactions during the year, are as follows:



CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
1. Thai Union Feedmill Co., Ltd. (holding 66.90%)	Mr. Rittirong Boonmechote	Director	11,787,460	Market Price	<b>Commercial Transactions:</b> - Purchase of raw materials (scrap) from TU	37.07	35.09
	Mrs. Nittaya Boonmechote (Mr. Rittirong's wife)	Relative of Director	900,000		- Purchase of raw materials (scrap) from OKF	21.16	19.70
	Mr. Thanachot Boonmechote (Mr. Rittirong's son)	Relative of Director	825,000		- Purchase of raw materials (scrap) from TUS	8.93	5.71
					- Purchase of raw materials (fish oil) from TUE Group	--	0.91
					- Purchase of nauplius from TUH	0.20	0.64
					- Payment for nauplius tank rental to TUH	--	0.40
	Mr. Boonpaween Boonmechote (Mr. Rittirong's son)	Relative of Director	825,000		- Sale of shrimp feed to TMAC	20.86	10.20
	Mr. Chinnachot Boonmechote (Mr. Rittirong's brother)	Relative of Director	1,125,000		<b>Supporting Commercial Transactions:</b> - Payment for headquarter services to TU	12.35	12.35
					- Payment for MoU Charge to TU	--	0.07
	Ms. Rungtiwa Boonmechote (Mr. Rittirong's sister)	Relative of Director	1,875,000		- Received for marine catch purchasing document from TU	--	3.49
					- Received for traceability shrimp feed charge from TU	--	0.14
					- Received for marine catch purchasing document from TUS	--	2.32
					- Received for marine catch purchasing document from OKF	--	0.21



CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
1. Thai Union Feedmill Co., Ltd. (holding 66.90%) <i>continued</i>					<b>Asset or Service Transactions:</b> <ul style="list-style-type: none"><li>- Payment for wan optimization program (connections international conference program) to TU</li><li>- Payment for internet network to TU</li><li>- Payment for e-procurement and e-auction consulting service charge to BZD</li><li>- Payment for firefighter training to TU</li><li>- Received for rent office and telephone charge from TMAC</li><li>- Received for incentive sale and Service charge from TUH</li></ul>	0.75	0.96
					<b>Short-term Rent of Immovable Property Transactions:</b> <ul style="list-style-type: none"><li>- Payment for lease of land to TU for experimental farm. The rental agreement is effective for three years until June 2019. It was approved by the Board's resolution.</li><li>- Payment for lease of shrimp farm to TCM</li><li>- Payment for lease of shrimp farm to TMK</li><li>- Received for lease of land from TUH</li></ul>	--	1.51
						--	1.29
						3.00	3.00
					<b>Finance Support transactions:</b> <ul style="list-style-type: none"><li>- Received interest from TMAC</li><li>- Received guarantee fee with the bank from TMAC</li></ul>	0.77	1.74
						--	0.02

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
2. Thai Union Seafood Co., Ltd. (holding 51.0%)	Mr. Rittirong Boonmechote	Director	6,974,850	23.2%	Market Price	33.16	3.50
	Mr. Chinnachot Boonmechote (Mr. Rittirong's brother)	Relative of Director	900,000	3.0%		0.91	1.04
	Ms. Rungtiwa Boonmechote (Mr. Rittirong's sister)	Relative of Director	900,000	3.0%		1.03	15.30
	Mr. Thanachote Boonmechote (Mr. Rittirong's son)	Relative of Director	1,800,000	6.0%		2,179.20	1,248.50
	Mr. Boonpaween Boonmechote (Mr. Rittirong's son)	Relative of Director	1,800,000	6.0%		361.97	68.75
						53.43	125.62
						21.15	9.26
						8.93	5.71
						0.09	0.13
						0.02	--
					<b>Commercial Transactions:</b>		
					- Purchase of raw materials and finished goods from TU		
					- Purchase of raw materials from PPC		
					- Payment for printing to TUG		
					- Sale of finished goods to COSF		
					- Sale of finished goods to TU		
					- Sale of finished goods to TUC		
					- Sale of finished goods to PPC		
					- Sale of raw materials (Scrap) to TFM		
					- Sale of finished goods to TUO		
					- Sale of raw materials to SC		
					<b>Supporting Commercial Transactions:</b>		
					- Payment for headquarter services to TU	15.00	15.00
					- Payment for marketing service charge to TU	6.09	6.64
					- Payment for export management service charge to TUM	9.17	9.00
					- Payment for warehousing and transportation charge to COSF	2.79	1.49
					- Payment for shipping fee to TU	0.27	0.32
					- Payment for commission and other service charge to TU	--	1.69
					- Payment for MoU charge to TU	--	0.16
					- Payment for evaluation of shrimp farm to TU	--	2.51
					- Payment for marine catch purchasing document to TFM	--	2.32
					- Payment for warehousing and transportation to TU	--	0.10

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
2. Thai Union Seafood Co., Ltd. (holding 51.0%) <i>continued</i>					<b>Asset or Service Transactions:</b> - Payment for boiler heater to TU - Payment for wan optimization program (connections international conference program) to TU - Received for shrimp tank from TU - Received for shrimp tank from PPC	5.00 0.51	-- 0.72
						-- --	0.44 0.88
	3. Lucky Union Foods Co., Ltd. (holding 25.0%)	Mr. Cheng Niruttinanon	Director	102,000	11.3%	Market Price	0.63
							0.59
0.25							
					- Purchase of raw materials (fish head) from TU - Purchase of finished goods from PPC - Payment for printing to TUG - Sale of raw materials (petfood topping) to TUM - Sale of raw materials (imported Surimi) to TU - Sale of finished goods to PPC - Sale of finished goods (raw material for petfood) to SC - Sale of finished goods to TUO	-- 27.92	1.08 0.14 23.93
					<b>Supporting Commercial Transactions:</b> - Payment for warehousing charge to TU - Payment for packing service charge to PPC	7.97	6.26
					<b>Supporting Commercial Transactions:</b> - Received for transportation charge from PPC - Received for transportation charge from TU	1.23 0.06	1.67 0.66
						0.05	0.01
						6.30 0.53	0.36 --
						0.06	0.05
						0.06	0.05

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
4. Chansiri Real Estate Co., Ltd.	Mr. Thiraphong Chansiri	Director	19,680,000	Compared to neighboring areas	<b>Short-term Rent of Immovable Property Transactions:</b> TU, TUM, SC and TUO paid the rent and service charge for its Bangkok office. With their needs to run the Bangkok office to facilitate business transactions, the three companies entered into a rental contract with Chansiri Real Estate Co., Ltd., a real estate developer. The contracted rental charge is THB 270/square metre/month and the service charge is between THB 180/square metre/month depending on level of the rented area. The rental and service charge is consistent with general market prices in the industry and apply only for the rented area, excluding other utility charges. The rental agreement is effective for three years until December 2019. It was approved by the Board's resolution.	35.55	66.78
	Mr. Dejphon Chansiri (Mr. Kraisorn's son)	Relative of Director	15,260,000				
	Mr. Disaphol Chansiri (Mr. Kraisorn's son)	Relative of Director	15,260,000				
	Mr. Kraisorn Chansiri	Director	7,800,000				
	Ms. Bussakorn Chansiri (Mr. Kraisorn's wife)	Relative of Director	2,000,000				
	Mr. Chuan Tangchansiri	Director	-0-				
5. Jana Industry Co., Ltd.	Mr. Cheng Niruttinanon	Director	50,000	Market Price	<b>Commercial Transactions:</b> - Purchase of raw materials (Scrap) from SC - Sale of raw materials (Scrap) to TFM - Sale of Ingredients to SC	74.12	9.74
						71.85	91.52
6. TC Union Agrotech Co., Ltd.	Mr. Cheng Niruttinanon	Director	496,000	Market Price	<b>Commercial Transactions:</b> - Purchase of raw materials (Scrap) from TU - Purchase of raw materials (Scrap) from TUM - Sale of raw materials to TFM  <b>Asset or Service Transactions:</b> - Payment for Sola oil & moving fish tank to TU - Payment for pallet to TUM - Sale of second-hand freezer machine to TU	--	1.69
						380.65	309.81
						338.59	363.68
						199.79	159.04
						0.26	0.30
						--	0.01
						--	1.00

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
6. TC Union Agrotech Co., Ltd. <i>continued</i>					<b>Short-term of Immovable Property Transaction:</b> TU paid the rent, service charge, utility charge and expenses on utilities for the office and plant area, including machinery, equipment and contracted service of TC Union Agrotech Co., Ltd., as a solution for the company's inadequate processing area for extension of its value-added production line. The contracted rental charge is THB 471,995 per month and Cold system Multi stage is THB 54,780 per month (the said amount is only for the rent and service charge, excluding expenses on utilities). The rental agreement is effective for 3 years until December 2019. It was approved by the Board's resolution.	23.51	21.78
7. Wai Thai Co., Ltd.	Mr. Cheng Niruttinanon	Director	100,000	Market Price	<b>Supporting Commercial Transactions:</b> - Receive for Haulage charge from TUM	42.98	33.87
	Mr. Kraisorn Chansiri	Director	59,200		- Receive for Haulage charge from TU	7.44	9.24
	Ms. Jintana Niruttinanon (Mr. Cheng's wife)	Relative of Director	36,800		- Receive for Haulage charge from APC	3.75	2.72
	Mr. Chuan Tangchansiri	Director	20,000		- Receive for Haulage charge from SC	0.33	0.34
	Mr. Thiraphong Chansiri	Director	20,000		Under the 2011 AGM resolution passed on April 25, 2011 of the expenses for transaction.		
	Mr. Nakorn Niruttinanon (Mr. Cheng's son)	Relative of Director	20,000				



CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
8. <b>Thaipatana Stainless Steel Co., Ltd.</b>	Mr. Cheng Niruttinanon	Director	20,000	Market Price	<b>Asset or Service Transactions:</b> - Received for stream retort pouch, conveyor belts and production tools from TUM - Received for construction deposit from TUM - Received for stream retort and production tools from TU - Received for repair equipment from TUM - Received for repair equipment from SC - Received for repair equipment from TU - Received for production tools from APC	131.91	107.27
	Mr. Chuan Tangchansiri	Director	5,000	10.0%		21.36	15.62
						17.59	18.99
					Under the 2011 AGM resolution passed on April 25, 2011 of the expenses for transaction.	10.40 0.12 0.12 --	7.67 0.05 0.12 0.17
9. <b>TN Fine Chemicals Co., Ltd.</b> (holding 48.97%)	Mr. Thiraphong Chansiri	Director	1	Market Price	<b>Commercial Transactions:</b> - Purchase of raw materials (Scrap) from TUM - Purchase of raw materials (Scrap) from TU	59.05 18.22	59.35 3.66
					<b>Supporting commercial transactions:</b> - Payment for Marketing service charge to TUM	5.78	4.43
					<b>Asset or Service Transactions:</b> - Receive for Fish head cutting machine from TU	--	4.10
					<b>Short-term of Immovable Property Transaction:</b> - Payment for Office rent and utilities service charge to TUM	2.08	1.80
					<b>Finance Support transactions:</b> Receive interest from TUM and Short-term loans to TUM as of December 31, 2018 was THB 92.6 million.	1.08	1.02

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TUG	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
10. Biz Dimension Co., Ltd. (holding 20.0%)	Mr. Kraisorn Chansiri	Director	475,000	Market Price	<b>Supporting commercial transactions:</b> - Receive e-Procurement and e-Auction consulting service charge from TUG - Receive e-Procurement and e-Auction consulting service charge from PPC - Receive e-Procurement and e-Auction consulting service charge from SC - Receive e-Procurement and e-Auction consulting service charge from TUM - Receive e-Procurement and e-Auction consulting service charge from APC - Receive e-Procurement and e-Auction consulting service charge from TUG - Receive e-Procurement and e-Auction consulting service charge from TFM  <b>Finance Support transactions:</b> Received for interest from TUG and as of December 31, 2018, there are no outstanding loan amounts.	1.70	2.21
	Mr. Cheng Niruttinanon	Director	250,000			0.47	0.47
	Mr. Thiraphong Chansiri	Director	8,333			0.41	0.75
						0.37	1.07
						0.08	0.22
						0.04	0.13
						0.02	0.02
						0.06	0.27
	11. Factory Storage Service Co., Ltd.	Mr. Nakorn Niruttinanon (Mr. Cheng's son)	Relative of Director			300,000	60.0%

CONNECTED COMPANY	FIRST & LAST NAME	POSITION HELD IN TU	NO. OF SHARES OWNED IN CONNECTED COMPANY	POLICY OF PRICE	CONNECTED TRANSACTIONS	2017 (Million Baht)	2018 (Million Baht)
12. Phil-Union Frozen Foods, INC. (Philippines)	Mr. Cheng Niruttinanon	Director	149,996	100.0%	<b>Commercial Transactions:</b> - Purchase of Packaging from APC - Sale of finished goods to COSF	7.23 1,087.72	6.91 998.40
	Mr. Cheng Niruttinanon	Director	25,000	55.6%		1.99	2.52
13. New Century Printing and Packaging Co., Ltd.	Ms. Rungtiwa Boonmechote (Mr. Rittirong's sister)	Relative of Director	Owner	100.0%	<b>Commercial Transactions:</b> - Sale of raw materials (Shrimp) to PPC	1.87	1.06
15. Thai Union Hi-tech Pearl Cultivation Co., Ltd.	Mr. Kraisorn Chansiri	Director	2,500,000	5.0%	<b>Commercial Transactions:</b> - Purchase of fish feed and fingerling from TFM	35.77	72.98
	Mr. Thiraphong Chansiri	Director	5,000,000	10.0%			
	Mr. Dejphon Chansiri (Mr. Kraisorn's son)	Relative of Director	7,500,000	15.0%			
	Mr. Disaphol Chansiri (Mr. Kraisorn's son)	Relative of Director	7,500,000	15.0%			

**Remarks:**

- Commercial transaction refers to purchase or sale of raw materials in the normal course of business and under general trading conditions under the Board of Directors' Meeting No. 5/2008 resolution passed on August 20, 2008.
  - For item 9-10 and 15 Mr. Kraisorn Chansiri, Mr. Cheng Niruttinanon, Mr. Chuan Tangchansiri and Mr. Thiraphong Chansiri are TU directors with share ownership in the connected company less than 10 percent of its registered capital but also hold director titles in the said connected company.
- In addition, the company and subsidiaries have entered into a property insurance policy, with Asia-Pacific Risk Consultants (Thailand) Co., Ltd. and Asia-Pacific insurance Brokers Co., Ltd. as insurer. The transaction is connected, as Mr. Chuan Tangchansiri, TU Director, also has a director title in the insurer. The company and subsidiaries to pay insurance premiums through both companies are as follows:
- Year 2017 Total Amount THB 120.65 million
  - Year 2018 Total Amount THB 129.68 million



# REFERENCES

## COMMON SHARE REGISTRAR

**Thailand Securities Depository Co., Ltd.**  
 14<sup>th</sup> Floor, The Stock Exchange of Thailand,  
 93 Ratchadapisek Road, Dindaeng,  
 Bangkok 10400  
 Tel: +66(0) 2009-9000  
 Fax: +66(0) 2009-9992

## DEBENTURES REGISTRAR

2011 Debentures, 1-3 series: Kasikorn Bank PCL.  
 2014 Debentures, 1st batch, 1-4 series: Kasikorn Bank PCL.  
 2014 Debentures, 2<sup>nd</sup> batch, 1-2 series: TMB Bank PCL.  
 2016 Debentures, 1<sup>st</sup> batch, Bank of Ayudhya PCL.  
 2016 Debentures, 2<sup>nd</sup> batch, 1-3 series: Bank of Ayudhya PCL.  
 2017 Debentures, 1<sup>st</sup> batch, 1-4 series: Bank of Ayudhya PCL.

## INDEPENDENT AUDITORS

Mr. Pongthavee Ratanakoses	CPA No. 7795 or
Mr. Chanchai Chaiprasit	CPA No. 3760 or
Ms. Amornrat Pearmpoonvatanasuk	CPA No. 4599

**PricewaterhouseCoopers ABAS Limited**  
 15<sup>th</sup> Floor Bangkok City Tower,  
 179/74-80 South Sathorn Road,  
 Thungmahamek, Sathorn, Bangkok 10120  
 Tel: +66(0) 2344-1000  
 Fax: +66(0) 2286-5050



## REMUNERATION FOR THE COMPANY'S INDEPENDENT AUDITOR 2018 (THAILAND ONLY)

### AUDIT FEE

- The Company and subsidiaries paid an audit fee to the auditing firm where independent auditors are attached to, and where individuals or entities are related to the independent auditors and the auditing firm during the 2018 fiscal year, in total 13 companies at THB 15,813,281.

### NON-AUDIT FEE

The Company and subsidiaries paid remuneration incurred by the following services:

- Audit fee paid to the auditing firm where independent auditors are attached to, and where individuals or entities are related to the independent auditors and auditing firm during the 2018 fiscal year for the amount totalling: None
- Audit fee for special items, pursuant to Notification Por 4/2001 of the Board of investment, paid to the auditing firm where independent auditors are attached to, and where individuals or entities are related to the independent auditors and auditing firm during the 2018 fiscal year, in total 7 companies at THB 1,080,000.
- Audit fee for special purpose and tax advisor during 2018 at THB 8,461,442.





# STATEMENT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Directors hereby expresses its responsibility for ensuring that Thai Union Group Public Company Limited's financial statements and Thai Union Group Public Company Limited and its subsidiaries' consolidated financial statements that are contained herein genuinely reflect their actual financial status and operating results. These are based on accounting principles which require accurate, complete, and adequate recording of accounting items in every aspect. The aforementioned financial statements are prepared in accordance with generally accepted accounting standards, using careful judgement and the best estimation. The adequate disclosure of all important information in notes to the financial statements is in accordance with the updated accounting standards for the company's shareholders and investors. Independent auditors have unqualified expressed their opinions on our financial statements in the independent auditor's report.

The Board of Directors has appointed the Audit Committee which comprises independent directors who are responsible for reviewing the accounting policy, financial reports, internal controls and internal audit, risk management system and disclosure of related party transactions, compliance with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). All of the Audit Committee's opinions

on these issues have been presented in the Report of Audit Committee included in this annual report.

The financial statements of the company and the consolidated financial statements of the company and its subsidiaries have been examined by an independent auditor, Mr. Pongthavee Ratanakoses CPA #7795 from PwC (PricewaterhouseCoopers ABAS Ltd). He has provided assurance that he retained an independence to work without being impeded, and received full support from the company management and personnel to conduct the audits and express an opinion in accordance with generally accepted auditing standards. The independent auditor's opinion is presented in the independent auditor's report included in this annual report.

The Board of Directors believes that the company's overall internal control system has functioned at a satisfactory level and has ensured the credibility and reliability of the financial statements of the company and the consolidated financial statements of the company and its subsidiaries for the year ending 31 December 2018. The financial statements present the company's financial position, operating results, changes in shareholders' equity and cash flows fairly, in all material respects and in a reliable manner so that such statements are in compliance with the generally accepted accounting principles and all governing laws and regulations.

**Mr. Kraisorn Chansiri**  
Chairman

**Mr. Thiraphong Chansiri**  
President&CEO



# INDEPENDENT AUDITOR'S REPORT

**To the shareholders and the Board of Directors of  
Thai Union Group Public Company Limited**

## MY OPINION

In my opinion, the consolidated financial statements of Thai Union Group Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## WHAT I HAVE AUDITED

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

## BASIS FOR OPINION

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTERS
<p><b>Assessment of the impairment of goodwill and intangible assets with an indefinite useful life</b></p> <p>As at 31 December 2018, the Group had goodwill of THB 13,134 million and intangible assets with an indefinite useful life of THB 13,605 million on the statement of financial position, representing approximately 9% and 10% of total assets, as detailed in Note 17 and Note 15, respectively.</p> <p>Under Thai Financial Reporting Standards, the Group is required to test the amount of goodwill and the intangible assets with an indefinite useful life for impairment annually as well as when there's an event that causes the potential for impairment. This includes identifying the Group's cash generating units (CGUs) that relates to goodwill and intangible assets with an indefinite useful life. Following impairment testing by the management, the Group has not recognized any impairment loss on these assets.</p> <p>I focused on this area because of the significant balances of goodwill and intangible assets with an indefinite useful life, the complexity of the assessment process and because the significant judgments and assumptions involved are affected by unexpected future market or economic conditions. The Group assessed the value-in-use of goodwill and intangible assets with an indefinite useful life by using the discounted cash flow model. This requires management to make assumptions or judgments such as revenue growth rates and discount rates applied to cash flow projections.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• assessing if the management's identification of the Group's CGUs were appropriate;</li> <li>• challenging management and assessing the cash flow projections, mainly for key CGUs, which included assessing the historical accuracy of management's estimates and evaluating future business plans;</li> <li>• evaluating if the assumptions and methodologies used by the Group were appropriate, when applicable. In particular, I focused on testing the assumptions related to the forecasted revenue growth, profit margins for key CGUs and the pre-tax discount rate;</li> <li>• assessing and testing the assumptions, methodologies, the weighted average cost of capital, the royalty rate and other data used in management's impairment analysis by comparing them to external and historical data, such as external market growth expectations;</li> <li>• analysing the sensitivity in the available headroom for the CGUs, and evaluating whether a possible change in assumptions could cause the carrying amount to exceed its recoverable amount; and</li> <li>• evaluating the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets with an indefinite useful life.</li> </ul> <p>Based on my procedures, I considered that management's key assumptions used in impairment testing were within a reasonable range. I also assessed that the disclosures were adequate.</p>

KEY AUDIT MATTERS	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTERS
<p><b>Provision for litigation and claims</b></p> <p>As at 31 December 2018, the Group had a provision regarding litigation and claims for antitrust of USD 21.82 million, equivalent to THB 708.09 million.</p> <p>As disclosed in Note 38, during the second quarter of 2018, Tri-Union Seafoods LLC ("Tri-U"), a subsidiary of the Group, reached a resolution from an antitrust claim brought by some customers in civil actions. Tri-U paid cash settlements and will participate in a series of joint programs and new product promotions including innovative product launches in the retailers' stores. In addition, Tri-U has reached agreements to settle claims brought by a coalition of various other retailers. Based on these agreements, Tri-U has estimated the total settlement costs for all civil cases, which was recorded during the second quarter of USD 42.6 million. The provision for litigation and claims had been partially settled during 2018.</p> <p>I focused on this area because of the uncertainty of significant estimation with respect to the provision of litigation and claims. This provision is estimated using a significant degree of management judgement and depends on the likelihood of future events. However, the actual outcome of the litigation may significantly differ from the estimates.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>evaluating the external legal counsel's competence, experience and independence</li> <li>reviewing relevant conditions and the resolution of the antitrust claim in the civil actions to understand the background to the litigation cases</li> <li>reviewing correspondence between the Group and the legal counsel involved in the litigation, which included supporting documentation used by management and prepared by legal counsel, and assessing the adequacy of provision for litigation and claims</li> <li>sending confirmation letters to the external legal counsel asking for a written report on case details and status, and legal opinion on the possible effects of the litigation on the Group</li> </ul> <p>Based on my procedures, I considered that the management's estimation of the provision for litigation and claims to be within a reasonable range. I also assessed that the disclosures were adequate.</p>

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether

the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and

for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

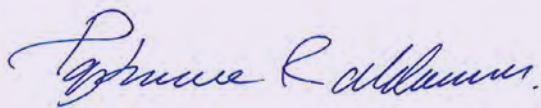
I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe



these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



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**Pongthavee Ratanakoses**  
Certified Public Accountant (Thailand) No. 7795

Bangkok  
20 February 2019

**Thai Union Group Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2018**

	Notes	Consolidated financial statements			Separate financial statements	
		(Restated)		(Restated)	31 December 2018	31 December 2017
		31 December 2018	31 December 2017	1 January 2017		
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	1,585,654	814,911	976,122	579,537	141,193
Short-term investments		-	63,560	-	-	-
Trade and other receivables, net	9, 36	16,018,214	16,343,842	16,412,244	4,840,763	4,249,503
Short-term loans to related parties	36	170,850	69,870	-	14,274,734	7,452,933
Current portion of long-term loans to related parties	36	-	-	-	611,424	-
Inventories, net	10	38,371,250	43,184,178	39,481,994	4,498,308	5,390,770
Current portion of derivative contracts receivables, net		616,621	725,121	854,832	536,781	437,389
Other current assets	11	1,768,512	1,335,393	1,176,674	195,235	149,555
Assets of disposal group classified as held-for-sale from discontinued operations	12	489,926	33,941	1,032,461	-	-
<b>Total current assets</b>		<b>59,021,027</b>	<b>62,570,816</b>	<b>59,934,327</b>	<b>25,536,782</b>	<b>17,821,343</b>
<b>Non-current assets</b>						
Restricted deposits with financial institutions		1,107	1,467	1,417	-	-
Investments in subsidiaries	13	-	-	-	30,546,928	29,337,930
Investments in associates	13	10,766,530	10,336,972	10,492,318	835,523	835,293
Investments in joint ventures	13	325,030	530,803	626,463	31,600	-
Other long-term investments	16	42,071	1,012,105	2,655,007	1,500	988,528
Long-term loans to related parties, net	36	11,195,181	11,274,911	12,361,592	34,664,704	37,872,816
Long-term loans to third parties, net		3,651	3,677	10,448	-	-
Property, plant and equipment, net	14	26,476,299	25,261,479	23,280,566	4,615,150	4,474,157
Intangible assets, net	15	16,272,551	16,771,420	15,935,933	1,558,130	1,177,318
Goodwill, net	17	13,134,069	14,080,065	13,646,643	-	-
Derivative contracts receivables, net		1,504,416	1,866,384	1,713,481	1,504,416	1,866,383
Deferred tax assets	18	1,422,412	1,079,837	704,258	42,944	19,809
Other non-current assets	19	1,751,738	1,301,879	858,813	551,649	326,224
<b>Total non-current assets</b>		<b>82,895,055</b>	<b>83,520,999</b>	<b>82,286,939</b>	<b>74,352,544</b>	<b>76,898,458</b>
<b>Total assets</b>		<b>141,916,082</b>	<b>146,091,815</b>	<b>142,221,266</b>	<b>99,889,326</b>	<b>94,719,801</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Thai Union Group Public Company Limited**  
**Statement of Financial Position (continued)**  
**As at 31 December 2018**

	Notes	Consolidated financial statements			Separate financial statements	
		(Restated)		(Restated)		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans						
from financial institutions	20	13,375,376	15,245,774	36,905,656	3,789,076	5,240,280
Trade and other payables	21, 36	19,726,069	19,822,673	17,428,944	4,395,734	4,386,016
Short-term loans from related parties	36	92,600	119,300	77,000	-	693,499
Current portion of long-term loans from						
financial institutions, net	22	146,963	849,286	764,733	-	797,144
Current portion of debentures, net	23	9,148,592	-	2,499,835	9,148,592	-
Current portion of finance lease liabilities, net	24	39,001	47,257	82,308	6,102	7,278
Income tax payable		438,669	15,972	291,838	-	-
Current portion of derivative contracts payables		207,196	324,322	596,375	118,769	86,209
Other current liabilities		177,238	207,975	506,045	29,929	71,179
Liabilities of disposal group classified						
as held-for-sale from discontinued operations	12	175,451	24,927	89,119	-	-
<b>Total current liabilities</b>		<b>43,527,155</b>	<b>36,657,486</b>	<b>59,241,853</b>	<b>17,488,202</b>	<b>11,281,605</b>
<b>Non-current liabilities</b>						
Long-term loans from financial institutions, net	22	14,568,721	14,711,748	963,325	14,078,732	14,073,831
Debentures, net	23	27,013,896	36,168,880	24,417,199	27,013,896	36,168,880
Finance lease liabilities, net	24	113,978	154,785	208,439	6,700	12,802
Employee benefit obligations	26	2,470,590	2,356,189	1,916,304	786,950	707,644
Deferred tax liabilities	18	4,359,699	4,592,177	4,499,820	-	-
Derivative contracts payables, net		476,329	318,356	1,037,913	476,329	318,356
Other non-current liabilities	25	2,891,670	3,080,802	2,644,674	532,750	660,329
<b>Total non-current liabilities</b>		<b>51,894,883</b>	<b>61,382,937</b>	<b>35,687,674</b>	<b>42,895,357</b>	<b>51,941,842</b>
<b>Total liabilities</b>		<b>95,422,038</b>	<b>98,040,423</b>	<b>94,929,527</b>	<b>60,383,559</b>	<b>63,223,447</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Thai Union Group Public Company Limited**  
**Statement of Financial Position (continued)**  
**As at 31 December 2018**

	Notes	Consolidated financial statements			Separate financial statements	
		(Restated)		(Restated)		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Liabilities and equity (continued)</b>						
<b>Equity</b>						
Share capital	27					
Authorised share capital						
5,971,815,496 ordinary shares at						
a par value of Baht 0.25 per share		1,492,954	1,492,954	1,492,954	1,492,954	1,492,954
Issued and paid-up share capital						
4,771,815,496 ordinary shares at						
a par value of Baht 0.25 per share		1,192,954	1,192,954	1,192,954	1,192,954	1,192,954
Premium on share capital		19,948,329	19,948,329	19,948,329	19,948,329	19,948,329
Retained earnings						
Appropriated - legal reserve	29	149,295	149,295	149,295	149,295	149,295
Unappropriated		29,547,602	29,044,995	26,383,838	18,215,189	10,239,445
Other components of equity		(7,604,709)	(6,051,921)	(4,575,938)	-	(33,669)
<b>Equity attributable to owners of the parent</b>		43,233,471	44,283,652	43,098,478	39,505,767	31,496,354
Non-controlling interests		3,260,573	3,767,740	4,193,261	-	-
<b>Total equity</b>		46,494,044	48,051,392	47,291,739	39,505,767	31,496,354
<b>Total liabilities and equity</b>		141,916,082	146,091,815	142,221,266	99,889,326	94,719,801

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Thai Union Group Public Company Limited**  
**Statement of Income**  
**For the year ended 31 December 2018**

		Consolidated financial statements		Separate financial statements	
		(Restated)			
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
Notes	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Sales	30, 36	133,284,638	134,937,268	26,616,698	22,411,609
Cost of sales	36	(114,393,062)	(115,627,578)	(24,418,526)	(20,308,103)
<b>Gross profit</b>		<b>18,891,576</b>	<b>19,309,690</b>	<b>2,198,172</b>	<b>2,103,506</b>
Interest income	36	1,054,490	1,053,045	1,893,534	1,722,555
Dividend income	36	6,800	31,408	4,937,371	2,198,089
Gain on sale of investment in an associate		182,289	-	4,979,422	-
Other income	31, 36	960,437	1,099,503	242,945	412,337
<b>Profit before expenses</b>		<b>21,095,592</b>	<b>21,493,646</b>	<b>14,251,444</b>	<b>6,436,487</b>
Selling expenses		(6,845,471)	(6,930,548)	(778,792)	(770,052)
Administrative expenses		(8,803,284)	(7,457,811)	(1,559,906)	(1,599,190)
Other expenses		(167,812)	(2)	(159,017)	(4,150)
Gain on exchange rates, net		971,834	1,256,138	744,538	803,384
<b>Operating profit</b>		<b>6,250,859</b>	<b>8,361,423</b>	<b>12,498,267</b>	<b>4,866,479</b>
Finance costs	32	(2,025,349)	(2,135,864)	(1,714,448)	(1,726,945)
<b>Profit before share of profit of investments in associates and joint ventures</b>		<b>4,225,510</b>	<b>6,225,559</b>	<b>10,783,819</b>	<b>3,139,534</b>
Share of profit from investments in associates and joint ventures	13	263,170	456,329	-	-
<b>Profit before income tax</b>		<b>4,488,680</b>	<b>6,681,888</b>	<b>10,783,819</b>	<b>3,139,534</b>
Income tax	34	(121,120)	65,114	7,296	(9,087)
<b>Profit for the year from continuing operations</b>		<b>4,367,560</b>	<b>6,747,002</b>	<b>10,791,115</b>	<b>3,130,447</b>
Loss for the year from discontinued operations	12	(713,090)	(286,327)	-	-
<b>Profit for the year</b>		<b>3,654,470</b>	<b>6,460,675</b>	<b>10,791,115</b>	<b>3,130,447</b>
<b>Profit attributable to:</b>					
Owners of the parent					
From continuing operations		3,969,301	6,275,511	10,791,115	3,130,447
From discontinued operations		(713,090)	(286,327)	-	-
		3,256,211	5,989,184	10,791,115	3,130,447
Non-controlling interests		398,259	471,491	-	-
<b>Profit for the year</b>		<b>3,654,470</b>	<b>6,460,675</b>	<b>10,791,115</b>	<b>3,130,447</b>
<b>Earnings per share for profit attributable to the owners of the parent</b>					
<b>Earnings per share (Baht)</b>	35				
Basic earnings per share					
From continuing operations		0.83	1.32	2.26	0.66
From discontinued operations		(0.15)	(0.07)	-	-
<b>Total basic earnings per share</b>		<b>0.68</b>	<b>1.25</b>	<b>2.26</b>	<b>0.66</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.



**Thai Union Group Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>(Restated)</b>			
	<b>31 December 2018</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Profit for the year	3,654,470	6,460,675	10,791,115	3,130,447
<b>Other comprehensive income (expenses):</b>				
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gain (loss), net of income tax	61,767	(330,084)	-	(160,195)
- Share of other comprehensive expense of associates	(208,677)	-	-	-
- Increase (Decrease) in other reserves	213,556	(270,172)	-	-
Total items that will not be reclassified subsequently to profit or loss	66,646	(600,256)	-	(160,195)
Items that will be reclassified subsequently to profit or loss				
- Exchange differences on translation, net of income tax	(1,224,938)	(779,492)	-	-
- Change in fair value of available-for-sale investments, net of income tax	59,010	178,705	61,302	178,693
- Reclassification from disposal of available-for-sale investments, net of income tax	(27,633)	(165,973)	(27,633)	(165,973)
Total items that will be reclassified subsequently to profit or loss	(1,193,561)	(766,760)	33,669	12,720
<b>Other comprehensive income (expenses) for the year, net of income tax</b>	<b>(1,126,915)</b>	<b>(1,367,016)</b>	<b>33,669</b>	<b>(147,475)</b>
<b>Total comprehensive income for the year</b>	<b>2,527,555</b>	<b>5,093,659</b>	<b>10,824,784</b>	<b>2,982,972</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	2,133,675	4,632,458	10,824,784	2,982,972
Non-controlling interests	393,880	461,201	-	-
<b>Total comprehensive income for the year</b>	<b>2,527,555</b>	<b>5,093,659</b>	<b>10,824,784</b>	<b>2,982,972</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2018

Consolidated financial statements													
Attributable to owners of the parent													
Notes	Retained earnings				Other components of equity				Changes in ownership interest in subsidiaries				Total equity attributable to owners of the parent
	Issued and paid-up share capital		Premium on share capital		Appropriated reserve		Unappropriated reserve		Exchange differences on translation		Changes in value of investments		Total equity attributable to owners of the parent
	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	
4	1,192,954	19,948,329	-	-	149,295	26,528,035	(144,197)	-	(70,299)	(48,660)	(1,885,400)	(2,571,579)	43,242,675
	-	-	-	-	-	-	-	-	-	-	-	-	47,435,936
Impact of changes in accounting policy													
28	1,192,954	19,948,329	-	-	149,295	26,383,838	-	-	(70,299)	(48,660)	(1,885,400)	(2,571,579)	43,242,675
	-	-	-	-	-	-	-	-	-	-	-	-	47,435,936
Dividend payment													
28	-	-	-	-	-	(3,006,244)	-	-	-	-	-	-	(3,006,244)
	-	-	-	-	-	-	-	-	-	-	-	-	(3,006,244)
Total comprehensive income for the year - restated													
4	1,192,954	19,948,329	-	-	149,295	29,044,995	(847,802)	(847,802)	(847,802)	(35,928)	(2,155,572)	(3,012,619)	44,283,652
	-	-	-	-	-	-	-	-	-	-	-	-	48,051,392
Closing balance as at 31 December 2017 - restated													
4	1,192,954	19,948,329	-	-	149,295	29,220,745	(175,750)	-	(847,802)	(35,928)	(2,155,572)	(3,012,619)	44,459,402
	-	-	-	-	-	-	-	-	-	-	-	-	48,227,142
Impact of changes in accounting policy													
13	1,192,954	19,948,329	-	-	149,295	29,044,995	-	-	(847,802)	(35,928)	(2,155,572)	(3,012,619)	44,283,652
	-	-	-	-	-	-	-	-	-	-	-	-	48,051,392
Dividend payment													
28	-	-	-	-	-	(2,815,371)	-	-	-	-	-	-	(2,815,371)
	-	-	-	-	-	-	-	-	-	-	-	-	(2,815,371)
Total comprehensive income for the year													
28	-	-	-	-	-	3,317,978	(1,220,559)	(1,220,559)	(1,220,559)	31,377	4,879	-	2,133,675
	-	-	-	-	-	-	-	-	-	-	-	-	2,527,555
Closing balance as at 31 December 2018													
28	1,192,954	19,948,329	-	-	149,295	29,547,602	(2,068,361)	(2,068,361)	(2,068,361)	(4,551)	(2,150,693)	(3,381,104)	43,233,471
	-	-	-	-	-	-	-	-	-	-	-	-	46,494,044

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2018

		Separate financial statements					
Note		Issued and paid-up share capital Thousand Baht	Premium on share capital Thousand Baht	Retained earnings		Other components of equity	
				Appropriated - Legal reserve Thousand Baht	Unappropriated Thousand Baht	Changes in value of available-for-sale investments Thousand Baht	Total other components of equity Thousand Baht
							Total equity Thousand Baht
	<b>Opening balance as at 1 January 2017</b>						
28	Dividend payment	1,192,954	19,948,329	149,295	10,275,437	(46,389)	31,519,626
	Total comprehensive income for the year	-	-	-	(3,006,244)	-	(3,006,244)
		-	-	-	2,970,252	12,720	2,982,972
	<b>Closing balance as at 31 December 2017</b>						
		1,192,954	19,948,329	149,295	10,239,445	(33,669)	31,496,354
	<b>Opening balance as at 1 January 2018</b>						
28	Dividend payment	1,192,954	19,948,329	149,295	10,239,445	(33,669)	31,496,354
	Total comprehensive income for the year	-	-	-	(2,815,371)	-	(2,815,371)
		-	-	-	10,791,115	33,669	10,824,784
	<b>Closing balance as at 31 December 2018</b>						
		1,192,954	19,948,329	149,295	18,215,189	-	39,505,767

The accompanying notes are an integral part of these consolidated and separate financial statements.

Thai Union Group Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	Consolidated financial information		Separate financial information	
		(Restated)			
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Cash flows from operating activities</b>					
Profit before income tax					
From continuing operations	37	4,488,680	6,681,888	10,783,819	3,139,534
From discontinued operations	37	(824,923)	(320,149)	-	-
Total	37	3,663,757	6,361,739	10,783,819	3,139,534
Adjustment items	37	5,976,560	4,144,045	(8,269,465)	(1,324,318)
Changes in operating assets and liabilities	37	3,658,891	(2,830,471)	268,455	165,411
Income tax paid	37	(433,245)	(857,544)	(9,922)	(12,221)
<b>Net cash receipts from operating activities</b>	37	12,865,963	6,817,769	2,772,887	1,968,406
<b>Cash flows from investing activities</b>					
Decrease (Increase) in restricted deposits with financial institutions		360	(50)	-	-
Net cash receipts from (payment for) short-term investments		63,560	(63,560)	-	-
Proceeds from disposals of assets of disposal group classified as held-for-sale		-	768,186	-	-
Purchases of property, plant and equipment and intangible assets		(4,963,431)	(5,671,030)	(1,018,334)	(1,275,662)
Proceeds from disposals of property, plant and equipment and intangible assets		65,175	166,012	16,720	18,853
Cash payment for investments in subsidiaries		-	-	(721,875)	(1,506,694)
Cash payment for investments in associates	13	(686,614)	(26,947)	(45,372)	-
Cash payment for investments in joint ventures	13	-	(93,270)	(31,600)	-
Cash payment for other long-term investments		(24,157)	(932)	-	(500)
Proceeds from sale of investment in an associate	13	184,482	-	5,024,564	-
Proceeds from sale of other long-term investments		1,052,630	1,822,546	1,048,331	1,818,192
Net cash payments for short-term loans to related parties	36	(100,980)	(69,870)	(8,855,010)	(763,950)
Cash receipts from long-term loans to related parties and third parties	36	-	6,552	2,956,887	1,649,270
Cash payments from long-term loans to related parties and third parties	36	-	-	(134,307)	(109,710)
Interest received		810,195	568,147	1,778,819	1,482,663
Dividend received		195,505	169,902	4,937,371	2,198,089
<b>Net cash receipts (payments) from investing activities</b>		(3,403,275)	(2,424,314)	4,956,194	3,510,551

**Thai Union Group Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2018**

		<b>Consolidated financial information</b>		<b>Separate financial information</b>	
		<b>(Restated)</b>			
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Notes</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Cash flows from financing activities</b>					
Net cash payments for short-term loans					
from financial institutions		(1,805,911)	(21,587,856)	(1,429,722)	(23,407,687)
Net cash receipts from (payments for) short-term loans					
from related parties		(26,700)	42,300	(633,036)	(227,585)
Cash receipts from long-term loans from					
financial institutions	22	49,819	14,885,593	-	14,269,000
Repayments for long-term loans from financial institutions	22	(865,245)	(781,114)	(779,620)	(671,200)
Deferred financial costs paid	22	-	(83,429)	-	(83,429)
Cash receipts from debenture issuance	23	-	12,000,000	-	12,000,000
Repayments for debenture issuance	23	-	(2,500,000)	-	(2,500,000)
Debenture issuance costs paid	23	-	(22,144)	-	(22,144)
Interest paid and other finance costs paid		(1,925,341)	(2,076,514)	(1,621,550)	(1,689,530)
Cash paid for finance lease liabilities		(47,953)	(96,977)	(7,278)	(12,241)
Cash paid for non-controlling interests from change in					
investments in subsidiaries	13	(503,074)	(932,752)	-	-
Receipts from non-controlling interests for additional					
share capital in a subsidiary	13	119,673	-	-	-
Dividends paid to the owners of the parent		(2,819,529)	(3,006,355)	(2,819,529)	(3,006,355)
Dividends paid to non-controlling interests		(879,473)	(392,387)	-	-
<b>Net cash payments for financing activities</b>		<b>(8,703,734)</b>	<b>(4,551,635)</b>	<b>(7,290,735)</b>	<b>(5,351,171)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>758,954</b>	<b>(158,180)</b>	<b>438,346</b>	<b>127,786</b>
Cash and cash equivalents - opening balance	8	572,595	730,859	141,193	13,404
Exchange gain (loss) on cash and cash equivalents		(21,001)	(84)	(2)	3
<b>Cash and cash equivalents - closing balance</b>	<b>8</b>	<b>1,310,548</b>	<b>572,595</b>	<b>579,537</b>	<b>141,193</b>
<b>Non-cash items</b>					
Payable balances from purchase of property, plant and					
equipment (included in trade and other payables)	21	440,347	558,815	167,767	149,241
Acquisition of property, plant and equipment under					
finance lease contracts		6,048	7,056	-	-
Increase in investment in a subsidiary by converting					
loan receivables to investment	13.1	-	-	487,123	503,117

The accompanying notes are an integral part of these consolidated and separate financial statements.



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**1 General information**

Thai Union Group Public Company Limited (the “Company”) is a public limited company, which is listed on the Stock Exchange of Thailand, and is incorporated and domiciled in Thailand. The current address of the Company’s registered office is at 72/1 Moo 7, Sethakit 1 Road, Tambon Tarsrai, Amphur Muang, Samutsakorn. The Company has 17 branches in Bangkok and Samutsakorn.

For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The Company operates its business in Thailand and its subsidiaries conduct business in Thailand and overseas countries. The principal activities of the Company and the subsidiaries in Thailand are the manufactures and sales of frozen, chilled and canned seafood. Local subsidiaries are also engaged in the packaging, printing and pet food businesses.

The principal operations of the overseas subsidiaries consist of the following businesses. The subsidiaries in America are the manufacturers and distributors of lobster and other seafood products, and the importer of shrimp and other frozen seafood products for sales to restaurant chains, retailers and wholesalers. The subsidiaries in Europe are the manufacturers and distributors of ambient and chilled seafood products to countries in Europe, America and Australia under their trademarks. The subsidiaries in Asia are the manufacturer and distributor of seafood in Vietnam and China.

These Group consolidated financial statements were authorised for issuance by the Board of Directors on 20 February 2019.

**2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

**2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except the measurement of available-for-sale investments as explained in the relevant accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 5.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.2 Revised financial reporting standards and interpretations (continued)**

**2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2018:**

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards do not have a significant impact on the Group except for disclosure which has been disclosed in Note 37.

**2.2.2 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard.**

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**2 Accounting policies (continued)**

**2.2 Revised financial reporting standards and interpretations (continued)**

2.2.2 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019, which is relevant to the Group. The Group has not yet adopted this standard. (continued)

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) Minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to recognised may be shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements.
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

2.2.3 Revised financial reporting standards will become effective for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment property
TFRS 2 (revised 2018)	Share-based payment
TFRIC 22	Foreign currency transactions and advance consideration

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.2 Revised financial reporting standards and interpretations (continued)**

- 2.2.3 Revised financial reporting standards will become effective for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards. (continued)

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

- 2.2.4 The group financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of net investment in a foreign operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and doubtful debts
TAS 103	Disclosures in the financial statements of bank and similar financial institutions
TAS 104	Accounting for troubled debt restructuring
TAS 105	Accounting for investment in debts and equity securities
TAS 106	Accounting for investment companies
TAS 107	Financial instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.2 Revised financial reporting standards and interpretations (continued)**

2.2.4 The group financial reporting standards related to financial instruments is effective for annual periods beginning on or after 1 January 2020. They comprise accounting standards and financial reporting standards as shown below. The early application is permitted only for the period beginning on or after 1 January 2019. (continued)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
  - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
  - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
  - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
  - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.3 Group accounting - investments in subsidiaries, associates and joint ventures**

**(1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's subsidiaries has been disclosed in Note 13.

**(2) Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.3 Group accounting - investments in subsidiaries, associates and joint ventures (continued)**

**(3) Disposal of subsidiaries**

When the Group ceases to have control, it shall cease to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as associate, joint venture or their long-term investment. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**(4) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's principal associates has been disclosed in Note 13.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.3 Group accounting - investments in subsidiaries, associates and joint ventures (continued)**

**(5) Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's joint ventures has been disclosed in Note 13.

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.4 Foreign currency translation (continued)**

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**2.5 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown in current liabilities.

**2.6 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are recognised in profit or loss within administrative expenses.

**2.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, rebates and other similar items. The cost of finished goods and work in progress comprises raw materials, direct labour costs, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for slow-moving, obsolete and defective inventories.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.8 Investments**

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the market. The unrealised gains and losses of trading investments are recognised in statement of income. The unrealised gains and losses of available-for-sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

---

**2 Accounting policies (continued)**

**2.9 Property, plant and equipment**

Land is stated at historical cost less allowance for impairment. Other property, plant and equipment are stated at historical cost less accumulated depreciation and allowance for impairment. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Land improvements	5 - 40 years
Buildings and building improvements	5 - 40 years
Machinery and factory equipment	3 - 20 years
Furniture, fixtures and office equipment	3 - 20 years
Vehicles	3 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The assets' carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within other income/expenses in the statement of income.

**2.10 Goodwill**

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.11 Intangible assets**

**2.11.1 Research and development**

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years. During the year ended 31 December 2018, all development projects were in progress and had not been amortised.

**2.11.2 Trademarks and licences**

Separately acquired trademarks and licences are initially recorded at historical cost. Trademarks and licences acquired in business combinations are initially recognised at fair value at the acquisition date. Trademarks and licenses with an indefinite useful life are carried at cost less allowance for impairment. Trademarks and licenses with a finite useful life are carried at cost less accumulated amortisation and allowance for impairment. The trademarks presented in these financial statements have indefinite useful lives and are tested annually for impairment. The licenses have definite useful lives and are amortised using the straight-line method to allocate the cost of licences over their estimated useful lives of 2 - 16 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 - 10 years.

**2.11.3 Contractual customer and distributor relationships**

Contractual customer and distributor relationships acquired in a business combination are initially recognised at fair value at the acquisition date. The contractual customer and distributor relationships have a finite useful life, and are carried at cost less accumulated amortisation and allowance for impairment. Amortisation is calculated using the straight-line method over the expected lives of 5 - 20 years.

**2.11.4 Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include employee costs of software development team and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives of 3 - 10 years.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.12 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.13 Leases - where the Group is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

**2.14 Borrowings and debentures**

Borrowings and debentures are recognised initially at the fair value, net of transaction costs incurred. Borrowings and debentures are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing period using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings and debentures are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

**2.15 Borrowings costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.17 Employee benefits**

The Group operates various post-employment benefit schemes, including both defined contribution plans and defined benefit plans.

A defined contribution plan or provident fund is a post-retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from past experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and included in retained earnings in the statement of changes in shareholders' equity.

Past-service costs are recognised immediately in profit or loss.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.18 Provisions**

Provisions (excluding employee benefits) are recognised when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.19 Share Capital**

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**2.20 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from management service is recognised as revenue when the service is rendered. Revenue from rendering other services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Interest income is recognised on an accrual basis, using the effective interest method.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Dividend income is recognised when the right to receive payment is established.

**2.21 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated and separate financial statements in the period in which the dividends are approved by the Company's shareholders, and the interim dividends are approved by the Board of Directors.

**2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Global Leadership Team (GLT) that makes strategic decisions.



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**2 Accounting policies (continued)**

**2.23 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**2.24 Non-current assets (or disposal groups) held-for-sale**

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell.

**3 Financial risk management**

**3.1 Financial risk factors**

The Group's activities expose to a variety of financial risk: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Group Treasury Committee. The Group's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for Treasury team globally.

**(1) Foreign exchange risk**

The Group operates internationally and is exposed to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. The Group uses forward contracts, transacted with the financial institutions, to hedge their exposure to foreign currency risk in connection with measurement currency.

**(2) Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk relates primarily to its deposits at financial institutions, long-term loans to related parties, short-term borrowings, long-term borrowings and debentures. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, including the Group's had entered into interest rate swap agreements.

The Group sometimes borrows at variable rates and uses interest rate swaps to hedge future interest payments, which has the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

Under the interest rate swaps, the Group agrees with the other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**3 Financial risk management (continued)**

**3.1 Financial risk factors (continued)**

(2) Interest rate risk (continued)

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

As at 31 December 2018	Consolidated financial statements								
	Fixed interest rates			Floating interest rates			Non-interest bearing Million Baht	Total Million Baht	Interest rate (% p.a.)
	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
<b>Financial assets</b>									
Cash and cash equivalents	12	-	-	711	-	-	863	1,586	0.03 - 2.00
Trade and other receivables	-	-	-	-	-	-	15,432	15,432	-
Short-term loans to related parties	171	-	-	-	-	-	-	171	2.40
Restricted bank deposits	-	1	-	-	-	-	-	1	1.05
Long-term loans to related and third parties	-	11,195	-	-	-	-	4	11,199	8.00
Accrued interest income - associates, non-current assets	-	-	-	-	-	-	450	450	-
	<u>183</u>	<u>11,196</u>	<u>-</u>	<u>711</u>	<u>-</u>	<u>-</u>	<u>16,749</u>	<u>28,839</u>	
<b>Financial liabilities</b>									
Bank overdrafts and short-term loans from financial institutions	11,485	-	-	1,891	-	-	-	13,376	0.70 - 7.85
Trade and other payables	-	-	-	-	-	-	18,352	18,352	-
Short-term loans from related parties	93	-	-	-	-	-	-	93	1.55
Long-term loans from financial institutions	61	25	278	78	14,246	-	28	14,716	1.15 - 5.75
Debentures	9,148	13,538	13,476	-	-	-	-	36,162	2.03 - 5.18
Finance lease liabilities	39	103	11	-	-	-	-	153	0.01 - 6.00
	<u>20,826</u>	<u>13,666</u>	<u>13,765</u>	<u>1,969</u>	<u>14,246</u>	<u>-</u>	<u>18,380</u>	<u>82,852</u>	
As at 31 December 2017	Consolidated financial statements								
	Fixed interest rates			Floating interest rates			Non-interest bearing Million Baht	Total Million Baht	Interest rate (% p.a.)
	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
<b>Financial assets</b>									
Cash and cash equivalents	-	-	-	181	-	-	634	815	0.01 - 2.50
Trade and other receivables	-	-	-	-	-	-	15,858	15,858	-
Short-term loans to related parties	70	-	-	-	-	-	-	70	2.35
Restricted bank deposits	-	1	-	-	-	-	-	1	0.80
Long-term loans to related and third parties	-	-	11,275	-	-	-	4	11,279	8.00
	<u>70</u>	<u>1</u>	<u>11,275</u>	<u>181</u>	<u>-</u>	<u>-</u>	<u>16,496</u>	<u>28,023</u>	
<b>Financial liabilities</b>									
Bank overdrafts and short-term loans from financial institutions	11,823	-	-	3,194	-	-	229	15,246	0.60 - 4.25
Trade and other payables	-	-	-	-	-	-	18,268	18,268	-
Short-term loans from related parties	119	-	-	-	-	-	-	119	1.30 - 1.50
Long-term loans from financial institutions	43	14	371	797	14,320	-	16	15,561	1.15 - 5.75
Debentures	-	20,680	15,489	-	-	-	-	36,169	2.03 - 5.18
Finance lease liabilities	47	120	34	-	-	-	1	202	0.03 - 6.00
	<u>12,032</u>	<u>20,814</u>	<u>15,894</u>	<u>3,991</u>	<u>14,320</u>	<u>-</u>	<u>18,514</u>	<u>85,565</u>	

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**3 Financial risk management (continued)**

**3.1 Financial risk factors (continued)**

(2) Interest rate risk (continued)

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date (continued).

As at 31 December 2018	Separate financial statements								
	Fixed interest rates			Floating interest rates			Non-interest bearing Million Baht	Total Million Baht	Interest rate (% p.a.)
	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
<b>Financial assets</b>									
Cash and cash equivalents	-	-	-	578	-	-	2	580	0.03 - 0.10
Trade and other receivables	-	-	-	-	-	-	4,773	4,773	-
Short-term loans to related parties	6,671	-	-	7,591	-	-	13	14,275	0.85 - 5.00
Long-term loans to subsidiaries	611	19,172	-	-	15,492	-	-	35,275	2.05 - 6.16
	<u>7,282</u>	<u>19,172</u>	<u>-</u>	<u>8,169</u>	<u>15,492</u>	<u>-</u>	<u>4,788</u>	<u>54,903</u>	
<b>Financial liabilities</b>									
Bank overdrafts and short-term loans from financial institutions	3,789	-	-	-	-	-	-	3,789	0.70 - 1.85
Trade and other payables	-	-	-	-	-	-	4,376	4,376	-
Long-term loans from financial institutions	-	-	-	-	14,079	-	-	14,079	2.08 - 3.45
Debentures	9,148	13,538	13,476	-	-	-	-	36,162	2.03 - 5.18
Finance lease liabilities	6	7	-	-	-	-	-	13	2.12 - 2.81
	<u>12,943</u>	<u>13,545</u>	<u>13,476</u>	<u>-</u>	<u>14,079</u>	<u>-</u>	<u>4,376</u>	<u>58,419</u>	
As at 31 December 2017	Separate financial statements								
	Fixed interest rates			Floating interest rates			Non-interest bearing Million Baht	Total Million Baht	Interest rate (% p.a.)
	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
<b>Financial assets</b>									
Cash and cash equivalents	-	-	-	108	-	-	33	141	0.10 - 0.40
Trade and other receivables	-	-	-	-	-	-	4,161	4,161	-
Short-term loans to subsidiaries	94	-	-	7,359	-	-	-	7,453	1.30 - 2.55
Long-term loans to subsidiaries	-	21,179	-	-	13,104	3,590	-	37,873	2.32 - 6.16
	<u>94</u>	<u>21,179</u>	<u>-</u>	<u>7,467</u>	<u>13,104</u>	<u>3,590</u>	<u>4,194</u>	<u>49,628</u>	
<b>Financial liabilities</b>									
Bank overdrafts and short-term loans from financial institutions	4,152	-	-	1,088	-	-	-	5,240	0.60 - 1.97
Trade and other payables	-	-	-	-	-	-	4,350	4,350	-
Short-term loans from subsidiaries	38	-	-	653	-	-	2	693	0.25 - 1.50
Long-term loans from financial institutions	-	-	-	797	14,074	-	-	14,871	1.68 - 2.33
Debentures	-	20,680	15,489	-	-	-	-	36,169	2.03 - 5.18
Finance lease liabilities	7	13	-	-	-	-	-	20	2.12 - 2.81
	<u>4,197</u>	<u>20,693</u>	<u>15,489</u>	<u>2,538</u>	<u>14,074</u>	<u>-</u>	<u>4,352</u>	<u>61,343</u>	

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**3 Financial risk management (continued)**

**3.1 Financial risk factors (continued)**

(3) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

(4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

**3.2 Accounting for derivative financial instruments and hedging activities**

The Group parties to financial instruments that reduce exposure to fluctuations in exchange rates and interest rates by using derivative contracts to protect its exposure from movements in the exchange rates and interest rates. At the statement of financial position date, the foreign currency amounts receivable or payable under these contracts are translated into Baht at the rates ruling at that date. Unrealised gains or losses that result from the translation are recognised in the statement of income. Any premiums or discounts equal to the difference between the exchange rates and the contract rates at the inception of the contracts are amortised on a straight-line basis over the lives of the contracts. The foreign currency amounts receivable and payable have been presented net in the statement of financial position. Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement.

Disclosure about derivative financial instruments to which the Group is a party are provided in Note 39.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**3 Financial risk management (continued)**

**3.3 Fair value estimation**

The following table presents the financial assets and liabilities that are measured or disclosed at fair value at 31 December 2018 and 2017.

As at 31 December 2018	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Asset measured at fair value</b>				
Available-for-sale financial assets				
Equity instrument (Note 16)	40,652	-	-	40,652
<b>Assets for which fair value are disclosed</b>				
Investment in associate (Note 13.2)	5,621,935	-	-	5,621,935
Derivatives (Note 39)				
Foreign currency forward contracts	-	783,656	-	783,656
Cross-currency and interest rate swap agreements	-	1,276,914	-	1,276,914
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	36,799,997	-	36,799,997
Derivatives (Note 39)				
Foreign currency forward contracts	-	122,166	-	122,166
Option agreements	-	2,790	-	2,790
Cross-currency and interest rate swap agreements	-	436,807	-	436,807
Interest rate swap agreements	-	56,153	-	56,153
As at 31 December 2017	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Asset measured at fair value</b>				
Available-for-sale financial assets				
Equity instrument (Note 16)	1,006,784	-	-	1,006,784
<b>Assets for which fair value are disclosed</b>				
Investment in associate (Note 13.2)	13,749,170	-	-	13,749,170
Derivatives (Note 39)				
Foreign currency forward contracts	-	854,011	-	854,011
Cross-currency and interest rate swap agreements	-	1,888,653	-	1,888,653
Interest rate swap agreements	-	20,615	-	20,615
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	37,443,940	-	37,443,940
Derivatives (Note 39)				
Foreign currency forward contracts	-	236,576	-	236,576
Option agreements	-	19,325	-	19,325
Cross-currency and interest rate swap agreements	-	530,698	-	530,698
Interest rate swap agreements	-	9,943	-	9,943



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**3 Financial risk management (continued)**

**3.3 Fair value estimation (continued)**

The following table presents the financial assets and liabilities that are measured or disclosed at fair value at 31 December 2018 and 2017 (continued).

As at 31 December 2018	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Assets for which fair value are disclosed</b>				
Investment in associate	3,519,126	-	-	3,519,126
Derivatives (Note 39)				
Foreign currency forward contracts	-	684,750	-	684,750
Cross-currency and interest rate swap agreements	-	1,276,914	-	1,276,914
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	36,799,997	-	36,799,997
Derivatives (Note 39)				
Foreign currency forward contracts	-	65,100	-	65,100
Cross-currency and interest rate swap agreements	-	436,807	-	436,807

As at 31 December 2017	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Asset measured at fair value</b>				
Available-for-sale financial assets				
Equity instrument (Note 16)	987,028	-	-	987,028
<b>Assets for which fair value are disclosed</b>				
Investment in associate	13,749,170	-	-	13,749,170
Derivatives (Note 39)				
Foreign currency forward contracts	-	563,955	-	563,955
Cross-currency and interest rate swap agreements	-	1,888,653	-	1,888,653
<b>Liabilities for which fair value are disclosed</b>				
Debentures (Note 23)	-	37,443,940	-	37,443,940
Derivatives (Note 39)				
Foreign currency forward contracts	-	63,122	-	63,122
Option agreements	-	306	-	306
Cross-currency and interest rate swap agreements	-	530,698	-	530,698

There were no transfers between such levels during the year.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**3 Financial risk management (continued)**

**3.3 Fair value estimation (continued)**

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**4 Change in accounting policy and reclassification**

**Change in accounting policy**

The Group has changed the accounting policy regarding the recognition and presentation of certain expenditures, which were included in inventory cost by recognising such certain expenditures directly in profit or loss in order for the operating results to reflect the current business operation of the Group. The change in this accounting policy has been applied retrospectively and the effect of the change is presented below.

**Reclassification**

The Group has changed the presentation of certain expenditures between cost of sales, selling expenses and administrative expenses in the consolidated statement of income. Comparative figures have been reclassified to conform to the presentation in the current year.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**
**4 Change in accounting policy and reclassification (continued)**

The effects of change in accounting policy and reclassification on the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of income and comprehensive income for the year ended 31 December 2017 are as follows:

	As previously reported Thousand Baht	Adjustment Thousand Baht	Discontinued operation (Note 12) Thousand Baht	Restated Thousand Baht
<b>Consolidated statement of financial position as at 31 December 2017</b>				
Inventories, net	43,359,928	(175,750)	-	43,184,178
Unappropriated retained earnings as at 1 January 2017	26,528,035	(144,197)	-	26,383,838
Unappropriated retained earnings as at 31 December 2017	29,220,745	(175,750)	-	29,044,995
<b>Consolidated statements of income and comprehensive income for the year ended 31 December 2017</b>				
Sales	136,535,157	-	(1,597,889)	134,937,268
Cost of sales	(118,394,553)	1,025,484	1,741,491	(115,627,578)
Other income	1,097,104	-	2,399	1,099,503
Selling expenses	(6,488,545)	(479,128)	37,125	(6,930,548)
Administrative expenses	(6,940,585)	(577,909)	60,683	(7,457,811)
Finance costs	(2,140,793)	-	4,929	(2,135,864)
Income tax	98,934	-	(33,820)	65,114
Loss for the year from discontinued operations	(71,409)	-	(214,918)	(286,327)
Profit for the year				
- Owners of the parent	6,020,737	(31,553)	-	5,989,184
Total comprehensive income for the year				
- Owners of the parent	4,664,011	(31,553)	-	4,632,458
Basic and diluted earnings per share attributable to owners of the parent (Baht)	1.26	(0.01)	-	1.25

**5 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

**(a) Estimated impairment of goodwill and intangible asset with an indefinite useful life**

The Group tests annually whether goodwill and intangible asset with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in Note 2.10 and 2.11, respectively. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The recoverable amounts of trademarks have been determined based on fair value, which is mainly derived from the relief-from-royalty method and value-in-use calculations. These calculations require the use of estimates (Note 15 and 17).

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**5 Critical accounting estimates and judgements (continued)**

(b) Provision and contingent liabilities for litigation and claims

The Group exercises judgement in measuring and recognising provision and the exposures to contingent liabilities related to outstanding litigation and claims. Contingencies are recorded as provision when it is likely that a liability has been incurred and the amount is reasonably estimate. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty, actual losses may be different from the originally estimated provision.

(c) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

**6 Capital risk management**

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**7 Segment information**

The Global Leadership Team (“GLT”) is the Group’s chief operating decision maker. Management has determined the operating segments based on the information reviewed by the GLT for the purposes of allocating resources and assessing performance.

For management purposes, the Group are organised into business units based on its products and services and have three reportable segments as follows:

- Ambient seafood
- Frozen and chilled seafood and related business
- Pet food, value-added and other business

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Group measures segment performance based on gross profit on a consistent basis with that uses to measure gross profit in the financial statements.

Transactions between operating segments are recorded in a manner similar to transactions with third parties. These transactions are eliminated for the consolidated financial statements.

The following tables present revenue and gross profit information regarding the Group’s operating segments for the year ended 31 December 2018 and 2017.

	Consolidated financial statements					
	Ambient seafood Thousand Baht	Frozen and chilled seafood and related business Thousand Baht	Pet food, value- added and other business Thousand Baht	Total reportable segments Thousand Baht	Eliminations Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2018</b>						
External customers	62,262,280	52,793,135	18,229,223	133,284,638	-	133,284,638
Inter-segment	18,207,968	7,513,558	4,742,231	30,463,757	(30,463,757)	-
<b>Total revenue</b>	<b>80,470,248</b>	<b>60,306,693</b>	<b>22,971,454</b>	<b>163,748,395</b>	<b>(30,463,757)</b>	<b>133,284,638</b>
<b>Results</b>						
<b>Segment gross profit</b>	10,505,573	4,824,523	3,575,485	18,905,581	(14,005)	18,891,576
Selling and administrative expenses						(15,648,755)
Other expenses						(167,812)
<b>Operating profit (not including other income)</b>						3,075,009
Finance costs						(2,025,349)
Share of profits from investments in associates and joint ventures						263,170
Other income						3,175,850
<b>Profit before income tax</b>						4,488,680
Income tax						(121,120)
<b>Profit for the year from continuing operations</b>						4,367,560
Loss for the year from discontinued operations						(713,090)
<b>Profit for the year</b>						<b>3,654,470</b>



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**7 Segment information (continued)**

The following tables present revenue and gross profit information regarding the Group's operating segments for the year ended 31 December 2018 and 2017 (continued).

	Consolidated financial statements					
	Ambient seafood Thousand Baht	Frozen and chilled seafood and related business Thousand Baht	Pet food, value- added and other business Thousand Baht	Total reportable segments Thousand Baht	Eliminations Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2017</b>						
External customers	62,341,316	54,521,406	18,074,546	134,937,268	-	134,937,268
Inter-segment	12,706,456	7,792,729	4,451,190	24,950,375	(24,950,375)	-
<b>Total revenue</b>	<b>75,047,772</b>	<b>62,314,135</b>	<b>22,525,736</b>	<b>159,887,643</b>	<b>(24,950,375)</b>	<b>134,937,268</b>
<b>Results</b>						
<b>Segment gross profit</b>	10,551,343	5,255,111	3,471,442	19,277,896	31,794	19,309,690
Selling and administrative expenses						(14,388,359)
Other expenses						(2)
<b>Operating profit (not including other income)</b>						4,921,329
Finance costs						(2,135,864)
Share of profits from investments in associates and joint ventures						456,329
Other income						3,440,094
<b>Profit before income tax</b>						6,681,888
Income tax						65,114
<b>Profit for the year from continuing operations</b>						6,747,002
Loss for the year from discontinued operation						(286,327)
<b>Profit for the year</b>						<b>6,460,675</b>

**Geographic information**

Revenue from external customers is based on the location of the customers.

For the years ended 31 December	Consolidated financial statements	
	2018 Thousand Baht	2017 Thousand Baht
<b>Revenue from external customers</b>		
Thailand	14,229,546	13,009,900
The United States of America	50,898,661	51,696,214
Japan	7,636,860	8,457,831
European countries	40,959,053	41,587,162
Others	19,560,518	20,186,161
<b>Total</b>	<b>133,284,638</b>	<b>134,937,268</b>

**Major customer**

During the year ended 31 December 2018 and 2017, the Group had no customer with revenues of 10% or more of the Group's revenue.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**8 Cash and cash equivalents**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Cash on hand	4,225	6,160	1,292	971
Current and savings accounts	1,581,424	808,093	578,245	140,222
Fixed deposits due within 3 months	5	658	-	-
Total cash and cash equivalents	1,585,654	814,911	579,537	141,193
<u>Less</u> Bank overdrafts (Note 20)	(275,106)	(242,316)	-	-
Total cash and cash equivalents per statement of cash flows	1,310,548	572,595	579,537	141,193

The effective interest rate on cash at banks was between 0.03% per annum and 1.00% per annum (2017: between 0.10% per annum and 0.80% per annum).

**9 Trade and other receivables, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade receivables	14,220,652	14,354,063	4,011,073	3,405,912
<u>Less</u> Allowance for doubtful accounts	(342,217)	(356,605)	(67,484)	(106,741)
Trade receivables, net	13,878,435	13,997,458	3,943,589	3,299,171
Accrued interest income				
- related parties (Note 36)	450,759	656,590	581,815	466,796
Accrued interest income				
- third parties	12,042	146,986	12,042	146,986
Other receivables - related parties	5,219	10,325	138,653	56,104
Other receivables - third parties	908,973	637,413	12,849	72
Prepaid expenses	553,832	443,868	58,548	65,581
Tax coupons	32,584	41,846	8,977	22,852
Accrued income	39,908	83,385	25,313	74,323
Advance payments	136,462	325,971	58,977	117,618
Total trade and other receivables, net	16,018,214	16,343,842	4,840,763	4,249,503

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**9 Trade and other receivables, net (continued)**

Outstanding trade receivables can be analysed as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<u>Trade receivables - third parties</u>				
Not yet due	9,938,724	10,390,867	1,169,201	981,571
Up to 3 months	3,027,112	3,244,121	257,143	304,666
3-6 months	224,095	144,409	3,434	21,988
6-12 months	90,909	99,201	5,429	31,420
Over 12 months	272,221	264,613	64,769	31,125
	13,553,061	14,143,211	1,499,976	1,370,770
<u>Less</u> Allowance for doubtful accounts	(341,164)	(350,480)	(67,484)	(46,765)
	13,211,897	13,792,731	1,432,492	1,324,005
<u>Trade receivables - related parties</u> (Note 36)				
Not yet due	533,376	188,307	2,023,944	1,414,749
Up to 3 months	134,215	16,852	455,876	555,194
3-6 months	-	5,693	31,277	65,199
	667,591	210,852	2,511,097	2,035,142
<u>Less</u> Allowance for doubtful accounts	(1,053)	(6,125)	-	(59,976)
	666,538	204,727	2,511,097	1,975,166
Trade receivables, net	13,878,435	13,997,458	3,943,589	3,299,171

**10 Inventories, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	(Restated) 2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Finished goods, net	21,327,151	22,717,770	1,959,754	2,289,415
Work in process, net	349,284	382,168	5,014	-
Raw materials, net	9,415,072	12,070,020	1,657,757	2,011,870
Ingredients and packaging, net	1,949,417	1,887,915	97,222	118,174
Goods in transits	4,901,460	5,418,818	768,642	952,484
Spare parts and supplies, net	428,866	707,487	9,919	18,827
Total inventories, net	38,371,250	43,184,178	4,498,308	5,390,770

As at 31 December 2018, the Group and the Company provided allowance for net realisable value in the consolidated and separate financial statements in the amount of Baht 1,501.27 million and Baht 80.25 million, respectively (2017: Baht 1,075.39 million and Baht 50.85 million, respectively).

As at 31 December 2018, the Group has pledged certain inventories of Baht 812.67 million with the financial institutions to secure their credit facilities (2017: Baht 577.60 million) (Note 20).

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**11 Other current assets**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Prepaid income tax	898,106	571,342	66,329	72,246
Unamortised discount on derivative contracts	208,997	121,655	108,126	50,730
Value added tax refundable	531,769	491,762	16,677	26,458
Others	129,640	150,634	4,103	121
Total other current assets	1,768,512	1,335,393	195,235	149,555

**12 Assets and liabilities classified as held-for-sale and discontinued operations**

The Group's assets and liabilities of disposal groups classified as held-for-sale and discontinued operations comprise of two groups which are fishing fleet business in Ghana as reported in the consolidated financial statements for the year ended 31 December 2017 and chilled salmon business in Scotland as described in the following paragraph. Financial information relating to two groups is set out below.

As at	Consolidated financial information	
	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
<b>Assets of disposal groups classified as held-for-sale from discontinued operations</b>		
Fishing fleet business	8,471	33,941
Chilled salmon business	481,455	-
Total	489,926	33,941
<b>Liabilities of disposal groups classified as held-for-sale from discontinued operations</b>		
Fishing fleet business	23,063	24,927
Chilled salmon business	152,388	-
Total	175,451	24,927
<b>Results of discontinued operations for the years ended 31 December</b>		
	2018 Thousand Baht	2017 Thousand Baht
Fishing fleet business	(23,075)	(71,409)
Chilled salmon business	(690,015)	(214,918)
Total	(713,090)	(286,327)

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**12 Assets and liabilities classified as held-for-sale and discontinued operations (continued)**

**Chilled Salmon Business**

In September 2018, the Group announced its intention to divest chilled salmon business in Scotland through sale or, as a late resort, closure. The subsidiary comprises this segment is reported in the financial statements as a discontinuing operation. The Group has begun actively locate a buyer. The Group expects to dispose all relating assets in the next twelve months from the date of financial statements.

The assets and liabilities classified as disposal group held-for-sale as at 31 December 2018 are mainly trade receivables, inventory, property, plant and equipment, other assets, trade payables and other liabilities.

Financial information relating to chilled salmon business for the year ended 31 December 2018 and 2017 is set out below. The statement of income and statement of cash flow distinguish discontinued operations from continuing operations. Comparative figures have been restated.

**1) Statement of cash flows for discontinued operation**

The results of cash flows for the year ended 31 December 2018 and 2017 are as follow:

For the years ended 31 December	Consolidated financial information	
	2018	2017
	Thousand Baht	Thousand Baht
Cash flows from operating activities	(350,433)	(291,161)
Cash flows from investing activities	(4,416)	(40,435)
Cash flows from financing activities	356,459	304,408
Net cash flows	1,610	(27,188)

**2) Assets of disposal group classified as held-for-sale from discontinued operation**

As at	Consolidated financial information	
	31 December 2018	31 December 2017
	Thousand Baht	Thousand Baht
Trade and other receivables	269,685	-
Inventory	4,569	-
Property, plant and equipment	82,133	-
Others	125,068	-
Total assets of disposal group classified as held-for-sale	481,455	-

In accordance with TFRS 5, as at 31 December 2018, the Group has allowance for impairment on the assets held-for-sale of Baht 378.03 million. The fair value is measured based on expected sales price less cost to sell.



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**12 Assets and liabilities classified as held-for-sale and discontinued operations (continued)**

**Chilled Salmon Business (continued)**

**3) Liabilities of disposal group classified as held-for-sale from discontinued operation**

The results of cash flows for the year ended 31 December 2018 and 2017 are as follow:

As at	Consolidated financial information	
	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
Trade and other payables	44,545	-
Others	107,843	-
Total liabilities of disposal group classified as held-for-sale	152,388	-

**4) Cumulative income or expenses recognised in other comprehensive income relating to disposal group classified as held-for-sale from discontinued operation**

As at	Consolidated financial information	
	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
Exchange differences on translation	(21,050)	-

**5) Cumulative income or expenses recognised in profit and loss relating to disposal group classified as held-for-sale from discontinued operation**

Analysis of the result of discontinued operation, and the result recognised on the remeasurement of assets or disposal group from discontinued operation, is as follows:

For the years ended 31 December	Consolidated financial information	
	2018 Thousand Baht	2017 Thousand Baht
Sales	1,405,465	1,597,889
Impairment of assets - Cost of goods sold	(74,204)	-
Gross loss	(240,064)	(143,602)
Impairment of assets - Selling and administrative expenses	(305,077)	-
Selling and administrative expenses	(246,373)	(97,808)
<b>Operating loss</b>	(791,514)	(241,410)
Other income (expenses)	909	(2,399)
Finance costs	(11,243)	(4,929)
<b>Loss before income tax</b>	(801,848)	(248,738)
Income tax	111,833	33,820
<b>Loss after income tax</b>	(690,015)	(214,918)

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures**

The amounts of investments recognised in the statements of financial position are as follows:

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Subsidiaries	-	-	30,546,928	29,337,930
Associates	10,766,530	10,336,972	835,523	835,293
Joint ventures	325,030	530,803	31,600	-
Total investments in subsidiaries, associates and joint ventures	<u>11,091,560</u>	<u>10,867,775</u>	<u>31,414,051</u>	<u>30,173,223</u>

The amounts recognised in the statement of income are as follows:

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Associates	459,570	629,930	-	-
Joint ventures	(196,400)	(173,601)	-	-
Total share of profit of investments in associates and joint ventures	<u>263,170</u>	<u>456,329</u>	<u>-</u>	<u>-</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries**

Details of investments in subsidiaries in the separate financial statements are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up capital		Proportion of shares directly held by the Group			Proportion of shares held by non-controlling interests			Cost method				Dividends received			
			31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	
			Million	Million	%	%	%	%	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Thai Union Manufacturing Co., Ltd.(TUM)	Manufacturer and exporter of canned tuna and pet food	Thailand	Baht 300	Baht 300	99.66	99.66	99.66	0.34	0.34	0.34	2,648,407	2,648,407	2,648,407	2,648,407	1,076,322	1,076,322	1,076,322	
Songkha Canning Plc.	Manufacturer and exporter of canned seafood	Thailand	Baht 360	Baht 360	99.55	99.55	99.55	0.45	0.45	0.45	2,006,664	2,006,664	2,006,664	2,006,664	2,867,134	2,867,134	716,783	
Thai Union Seafood Co., Ltd.	Manufacturer and exporter of frozen shrimp	Thailand	Baht 300	Baht 300	51.00	51.00	51.00	49.00	49.00	49.00	189,316	189,316	189,316	189,316	79,560	79,560	156,060	
EHS Training and Services Co., Ltd. (formerly known as "T-Holding Co., Ltd.")	Providing training and management services (2017: Distributor of food products)	Thailand	Baht 70	Baht 70	100.00	100.00	90.00	-	10.00	10.00	699	699	-	-	-	-	-	
Thai Union Feedmill Co., Ltd. (TFM)	Manufacturer and distributor of animal feeds	Thailand	Baht 820	Baht 500	66.90	51.00	51.00	33.10	49.00	49.00	960,951	960,951	255,000	255,000	617,355	617,355	130,050	
Thai Union Graphic Co., Ltd.	Printing manufacturer	Thailand	Baht 40	Baht 40	98.00	98.00	98.00	2.00	2.00	2.00	96,019	96,019	96,019	96,019	-	-	-	
Thai Union North America, Inc. (TUNA)	Holding company	USA	USD 343.5	USD 343.5	100.00	100.00	100.00	-	-	-	11,741,316	11,741,316	11,741,316	11,741,316	-	-	-	
Thai Union Investment Holding Co., Ltd. (TUIH)	Holding company	Mauritius	EUR 0.5	EUR 0.5	100.00	100.00	100.00	-	-	-	20,046	20,046	20,046	20,046	-	-	-	
Pakfood Plc.	Manufacturer and distributor of frozen foods & aquatic animal products	Thailand	Baht 330	Baht 330	99.74	99.74	99.74	0.26	0.26	0.26	2,111,932	2,111,932	2,111,932	2,111,932	197,474	197,474	-	
Seafood International One FZCO	Distributor of food products	United Arab Emirates	AED 0.1	AED 0.1	60.00	60.00	60.00	40.00	40.00	40.00	575	575	575	575	-	-	-	
Thai Union China Co., Ltd.	Distributor of food products	China	USD 8	USD 8	100.00	100.00	100.00	-	-	-	274,146	274,146	259,547	259,547	-	-	-	
Thai Union Online Shop Co., Ltd.	E-Commerce	Thailand	Baht 1	Baht 1	100.00	100.00	100.00	-	-	-	1,000	1,000	1,000	1,000	-	-	-	
Thai Union EU Seafood I S.A. (TUESI)	Holding company	Luxembourg	EUR 212	EUR 212	100.00	100.00	100.00	-	-	-	10,495,231	10,495,231	10,008,108	10,008,108	-	-	-	
Thai Union Asia Investment Holding Limited (TUAIH)	Holding company	Hong Kong	USD 0.02	-	100.00	100.00	100.00	-	-	-	626	626	-	-	-	-	-	
Total											30,546,928	29,337,930	4,837,845	2,079,215				

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

The movements of investments in subsidiaries during the year are as follows:

For the years ended 31 December	Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht
Opening net book value	29,337,930	27,851,936
Additions, net	1,208,998	1,506,694
Allowance for impairment	-	(20,700)
Closing net book value	30,546,928	29,337,930

The first quarter of 2018, Thai Union China Co., Ltd. called for paid-up capital of totalling USD 0.45 million or equivalent to Baht 14.60 million.

In February 2018, Thai Union Asia Investment Holding Limited called for paid-up capital of totalling USD 0.02 million or equivalent to Baht 0.63 million.

In March 2018, the Company purchased the additional shares from the current shareholder of EHS Training and Services Co., Ltd. The additional investment increased shareholding of the Company from 90.00% to 100.00% for a purchase price totalling Baht 0.70 million.

In April 2018, the Company purchased the additional shares from the current shareholders of Thai Union Feedmill Co., Ltd. (TFM). The additional investment increased shareholding of the Company from 51.00% to 63.05%, for a purchase price totalling Baht 472.60 million. After that, TFM increased the registered capital from Baht 500 million to Baht 820 million by issuing 32 million ordinary shares with a par value of Baht 10 per share. The Company purchased 23,335,015 newly issued ordinary shares for a purchase price of Baht 233.35 million. The additional investment increased shareholding of the Company in TFM to 66.90%.

In third quarter of 2018, the Company and Thai Union EU Seafood 1 S.A. entered into the Contribution Agreement to perform a contribution in kind of the amount of Euro 13 million, equivalent to Baht 487.12 million by converting its short-term loan receivables to investment.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

Companies under subsidiaries included in the preparation of the consolidated financial statements are:

Company's name	Nature of business	Country of incorporation	Percentage of interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries</u>				
Chaophraya Coldstorage Co., Ltd. (100% held by Pakfood Plc.)	Property rental (Liquidated in December 2018)	Thailand	-	99.74
Okeanos Food Co., Ltd. (100% held by Pakfood Plc.)	Manufacturer & distributor of frozen foods & aquatic animal	Thailand	99.74	99.74
Takzin Samut Co., Ltd. (100% held by Pakfood Plc.)	Dormant company (Liquidated in December 2018)	Thailand	-	99.74
Asian-Pacific Can Co., Ltd. (99% held by Songkla Canning Plc.)	Manufacturer & distributor of packaging for food products	Thailand	99.54	99.54
Yueh Chyang Canned Food Co., Ltd. (100% held by Songkla Canning Plc.)	Manufacturer & distributor of canned tuna and seafood	Vietnam	99.55	99.55
Thai Union Investments North America LLC (TUINA) (100% held by TUNA)	Holding company	USA	100.00	100.00
Tri-Union Seafoods, LLC (100% held by TUNA)	Manufacturer & distributor of canned tuna and seafood	USA	100.00	100.00
Tri-Union Frozen Products, Inc. (TUFPP) (100% held by TUNA)	Importer and distributor of frozen seafood	USA	100.00	100.00
US Pet Nutrition, LLC (USPN) (99% held by TUNA and 1% held by Tri-Union Seafoods, LLC)	Manufacturer & distributor of premium pet food	USA	100.00	100.00
Tri-Union Frozen Products North America, LLC (TUFPPNA) (100% held by TUFPP)	Holding company	USA	100.00	100.00
Tri-Union Frozen Products Canada, ULC (100% held by TUFPPNA)	Technical service provider	Canada	100.00	100.00
Thai Union Europe (TUE) (100% held by TUES1)	Headquarters activity	France	100.00	100.00

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

Companies under subsidiaries included in the preparation of the consolidated financial statements are:  
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries</u> (continued)				
MW Brands Seychelles Limited (100% held by TUE)	Exporter of canned tuna	Seychelles	100.00	100.00
Etablissements Paul Paulet SAS (EPP) (100% held by TUE)	Manufacturer, importer, distributor and exporter of canned seafood	France	100.00	100.00
European Seafood Investment Portugal (ESIP) (100% held by TUE)	Manufacturer and exporter of canned sardines and mackerel	Portugal	100.00	100.00
Pioneer Food Cannery Limited (100% held by EPP)	Manufacturer of canned tuna	Ghana	100.00	100.00
Mareblu SRL (100% held by TUE)	Importer and distributor of canned seafood	Italy	100.00	100.00
UK Seafood Investments Limited (UKSI) (100% held by TUE)	Holding company	United Kingdom	100.00	100.00
Indian Ocean Tuna Limited (60% held by TUE)	Manufacturer and exporter of canned tuna	Seychelles	60.00	60.00
John West Foods Limited (100% held by UKSI)	Importer and distributor of canned seafood	United Kingdom	100.00	100.00
Irish Seafood Investments Limited (ISIL) (100% held by TUE)	Importer and distributor of canned seafood	Ireland	100.00	100.00
John West Holland BV (100% held by ISIL)	Importer and distributor of canned seafood	Netherlands	100.00	100.00
TTV Limited (70% held by EPP, 2017: 50% held by EPP)	Dormant company (Discontinued operation) (Note 12)	Ghana	70.00	50.00
Europeenne De La Mer SAS (EDM) (100% held by TUE)	Holding company	France	100.00	100.00



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

Companies under subsidiaries included in the preparation of the consolidated financial statements are:  
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries</u> (continued)				
Meralliance Armoric SAS (100% held by EDM)	Manufacturer of smoked salmon	France	100.00	100.00
Imsaum SCI (100% held by EDM)	Property rental	France	100.00	100.00
Meralliance SAS (100% held by EDM)	Distributor of smoked salmon	France	100.00	100.00
Meralliance Logistique SAS (100% held by EDM)	Logistic company (Merged in December 2018)	France	-	100.00
Meralliance Poland Sp. z.o.o (100% held by EDM)	Manufacturer of chilled salmon	Poland	100.00	100.00
Naco Trading AS (100% held by EDM)	Distributor of salmon	Norway	100.00	100.00
The Edinburgh Salmon Company Ltd. (ESCO) (100% held by EDM)	Manufacturer and distributor of chilled salmon (Discontinued operation) (Note 12)	Scotland	100.00	100.00
Thai Union Norway AS (TUN) (100% held by TUES1)	Holding company (Merged in January 2018)	Norway	-	100.00
King Oscar AS (KON) (100% held by TUES1, 2017: 100% held by TUN)	Manufacturer and distributor of canned seafood	Norway	100.00	100.00
King Oscar Inc. (100% held by King Oscar AS)	Importer and distributor of canned seafood	USA	100.00	100.00
Norway Foods Europe NV (100% held by King Oscar AS)	Importer and distributor of canned seafood	Belgium	100.00	100.00
Thai Union Poland Sp. Z.o.o. (100% held by TUES1)	Manufacturer and distributor of canned seafood	Poland	100.00	100.00

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

Companies under subsidiaries included in the preparation of the consolidated financial statements are:  
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries</u> (continued)				
Thai Union Germany GmbH (TUGe) (100% held by TUES1)	Holding company	Germany	100.00	100.00
Thai Union Marine Nutrients GmbH (100% held by TUGe)	Tuna oil refinery	Germany	100.00	100.00
Rugen Fisch AG (RUF1) (51% held by TUGe)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Sassnitz Fisch GmbH (100% held by RUF1)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Hawesta-Feinkost Hans Westphal GmbH & Co. KG (HAW) (100% held by RUF1)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Seafood Beteiligungs - und Verwaltungs GmbH (100% held by HAW)	Dormant company	Germany	51.00	51.00
Artur Heymann GmbH & Co.KG (HEY) (100% held by HAW)	Distributor of seafood	Germany	51.00	51.00
Wefina Feinkost Gunther Wehowsky GmbH (100% held by HEY)	Distributor of seafood	Germany	51.00	51.00
Meekrone Fisch-Feinkost GmbH (100% held by RUF1)	Property rental	Germany	51.00	51.00
Ostsee Fisch Verwaltungs GmbH (100% held by RUF1)	Dormant company	Germany	51.00	51.00
Ostee Fisch GmbH & Co. Produktions - und Vertriebs KG (100% held by RUF1)	Manufacturer and distributor of seafood	Germany	51.00	51.00
Ostee Fisch Kretinga UAB (gAG) (100% held by RUF1)	Manufacturer and distributor of seafood	Lithuania	51.00	51.00

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**
**13 Investments in subsidiaries, associates and joint ventures (continued)**
**13.1 Investments in subsidiaries (continued)**

Companies under subsidiaries included in the preparation of the consolidated financial statements are:  
(continued)

Company's name	Nature of business	Country of incorporation	Percentage of interest	
			31 December 2018 %	31 December 2017 %
<u>Held by subsidiaries</u> (continued)				
Thai Union Canada Inc. (TUCa) (100% held by TUES1, 2017: 80% held by TUES1)	Manufacturer and distributor of seafood	Canada	100.00	80.00
C.H. Rich, Inc. (100% held by TUCa)	Reseller of seafood	USA	100.00	80.00
Thai Union Trading Europe B.V. (100% held by TUES1)	Distributor of seafood	Netherlands	100.00	100.00
PT Thai Union Kharisma Lestari (65% held by TFM)	Manufacturer and distributor of animal feeds	Indonesia	43.49	-

In January 2018, Etablissements Paul Paulet SAS, which is the Group's subsidiary, purchased the additional shares from the current shareholders of TTV Limited. The additional investment increased shareholding of the Group from 50.00% to 70.00%, for a purchase price totalling USD 0.16 million, equivalent to Baht 5.05 million.

In January 2018, Thai Union Norway AS was merged with King Oscar AS. The merger was effectuated by means of the transfer of all assets and liabilities. There is no effect to the consolidated financial statements from the merger.

In March 2018, Thai Union EU Seafood 1 S.A., which is the Group's subsidiary, purchased the additional shares from the current shareholders of Thai Union Canada Inc. The additional investment increased shareholding of the Group from 80.00% to 100.00%, for a purchase price totalling CAD 1 million, equivalent to Baht 24.63 million.

In May 2018, a subsidiary has entered into the Shareholder Agreement to invest 65% share of PT Thai Union Kharisma Lestari (TUKL) which is incorporated in Indonesia and is a subsidiary of the Group. The subscription price is Rupiah 86,632 million which is equivalent to USD 6.5 million. The subsidiary called for paid-up capital amounting to Rupiah 25,990 million in August 2018.

In December 2018, Meralliance Logistique SAS was merged with Meralliance Armoric SAS. The merger was effectuated by means of the transfer of all assets and liabilities. There is no effect to the consolidated financial statements from the merger.

In December 2018, Chaophraya Coldstorage Co., Ltd. which was a wholly-owned subsidiary of Pakfood Plc. transferred related assets and liabilities to Pakfood Plc. and was dissolved.

In December 2018, Takzin Samut Co., Ltd. which was a wholly-owned subsidiary of Pakfood Plc. was dissolved.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.1 Investments in subsidiaries (continued)**

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Group do not differ from the proportion of ordinary shares held.

**Summarised financial information on subsidiaries with material non-controlling interests**

The total non-controlling interests for the year ended 31 December 2018 is as follows:

	<b>Thai Union Seafood Co., Ltd. Thousand Baht</b>	<b>Rugen Fisch Group Thousand Baht</b>	<b>Total Thousand Baht</b>
Total non-controlling interests	440,315	1,941,393	2,381,708
Profit attributable to non-controlling interests for the year	170,940	84,365	255,305
Dividend paid to non-controlling interests during the year	76,440	47,617	124,057

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.1 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations.

Summarised statements of financial position

As at 31 December	Thai Union Seafood Co., Ltd.		Rugen Fisch Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Current</b>						
Assets	1,638,438	1,758,139	1,859,518	1,364,092	3,497,956	3,122,231
Liabilities	(1,251,975)	(1,614,424)	(1,478,735)	(989,118)	(2,730,710)	(2,603,542)
<b>Total current net assets</b>	<b>386,463</b>	<b>143,715</b>	<b>380,783</b>	<b>374,974</b>	<b>767,246</b>	<b>518,689</b>
<b>Non-current</b>						
Assets	617,249	670,726	949,499	881,685	1,566,748	1,552,411
Liabilities	(83,806)	(76,397)	(40,357)	(3,966)	(124,163)	(80,363)
<b>Total non-current net assets</b>	<b>533,443</b>	<b>594,329</b>	<b>909,142</b>	<b>877,719</b>	<b>1,442,585</b>	<b>1,472,048</b>
<b>Net assets</b>	<b>919,906</b>	<b>738,044</b>	<b>1,289,925</b>	<b>1,252,693</b>	<b>2,209,831</b>	<b>1,990,737</b>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.1 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations (continued).

Summarised statements of comprehensive income

For the years ended 31 December

	Thai Union Seafood Co., Ltd.		Rugen Fisch Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Revenue	4,571,140	5,159,707	4,684,976	5,046,558	9,256,116	10,206,265
Profit before income tax	338,361	208,380	191,898	188,849	530,259	397,229
Income tax	(499)	893	(18,635)	(59,390)	(19,134)	(58,497)
Post-tax profit from continuing operations	337,862	209,273	173,263	129,459	511,125	338,732
Other comprehensive income	-	(7,065)	(61,222)	38,519	(61,222)	31,454
Total comprehensive income	337,862	202,208	112,041	167,978	449,903	370,186
Profit attributable to non-controlling interests	170,940	117,429	84,365	63,435	255,305	180,864
Dividends paid to non-controlling interests	76,440	149,940	47,617	42,272	124,057	192,212



Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.1 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before inter-company eliminations (continued).

Summarised statements of cash flows

For the years ended 31 December

	Thai Union Seafood Co., Ltd.		Rugen Fisch Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Cash flow from operating activities</b>						
Cash generated from operations	471,302	430,194	(31,984) (83,755)	545,940 (127,708)	439,318 (83,755)	976,134 (127,708)
Income tax paid	-	-				
Net cash generated from (used in) operating activities	471,302	430,194	(115,739)	418,232	355,563	848,426
Net cash used in investing activities	(31,745)	(79,955)	(127,083)	(116,173)	(158,828)	(196,128)
Net cash generated from (used in) financing activities	(439,607)	(349,030)	228,411	(321,819)	(211,196)	(670,849)
Net increase (decrease) in cash and cash equivalents	(50)	1,209	(14,411)	(19,760)	(14,461)	(18,551)
Cash and cash equivalents at beginning of the year	2,703	1,134	49,610	69,312	52,313	70,446
Exchange gains (losses) on cash and cash equivalents	-	-	(5,273)	58	(5,273)	58
<b>Cash and cash equivalents at end of the year</b>	<b>2,653</b>	<b>2,343</b>	<b>29,926</b>	<b>49,610</b>	<b>32,579</b>	<b>51,953</b>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 Investments in associates**

The movements of investments in associates during the year are as follows:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Opening net book value	10,336,972	10,492,318	835,293	835,293
Addition	686,614	26,947	45,372	-
Disposals, net	(2,193)	-	(45,142)	-
Share of profit	459,570	629,930	-	-
Share other comprehensive expenses	(208,677)	-	-	-
Reclassification	20,351	84,280	-	-
Dividend distribution tax	(19,513)	(11,087)	-	-
Dividends received	(188,705)	(138,494)	-	-
Translation adjustment	(317,889)	(746,922)	-	-
Closing net book value	10,766,530	10,336,972	835,523	835,293

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 Investments in associates (continued)**

Details of investments in associates are as follows:

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 December 2018 (%)	31 December 2017 (%)	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht	31 December 2018 Thousand Baht	31 December 2017 Thousand Baht
<b>Investments in associates, directly held by the Company</b>								
Lucky Union Foods Co., Ltd.	Manufacturer & exporter of crab sticks	Thailand	25.00	25.00	37,500	37,500	452,997	394,416
Biz Dimension Co., Ltd.	E-Commerce under website	Thailand	20.00	20.00	1,010	1,010	28,584	26,378
Avanti Feeds Limited (Listed company in India) <sup>(1)</sup>	Manufacturer & exporter of animal feeds and shrimp products	India	15.43	25.12	71,922	117,064	764,953	1,190,518
Seafood International Two FZCO	Distributor of food products	United Arab Emirates	40.00	40.00	384	384	-	-
Avanti Frozen Foods Private Limited <sup>(2)</sup>	Manufacturer and exporter of shrimp products	India	54.79	55.07	679,335	679,335	887,610	830,552
(60% held by Avanti Feeds Limited)	Importer of seafood and seafood restaurant outlets	Thailand	25.10	-	45,372	-	49,948	-
Thammachart Seafood Retail Co., Ltd.					835,523	835,293	2,184,092	2,441,864
<b>Investments in associates, directly held by subsidiaries</b>								
TN Fine Chemicals Co., Ltd. (49% held by TUM)	Manufacturer & exporter of by-products from seafood	Thailand	48.83	48.83	44,070	44,070	69,090	76,453
LDH (La Doria) Limited (20% held by John West Foods Limited)	Distributor of food products	United Kingdom	20.00	20.00	95,940	95,940	515,396	521,934
Red Lobster Master Holdings L.P. and GGCOF RL Blocker, LLC (25% held by TUINA)	Holding Company	USA	25.00	25.00	8,135,123	8,135,123	6,916,098	7,296,721
Avanti Feeds Limited (Listed company in India) <sup>(1)</sup>	Manufacturer & exporter of animal feeds and shrimp products	India	9.22	-	42,949	-	456,805	-
(9.22% held by TUAIH)	Holding company	Luxembourg	45.00	-	524,968	-	508,949	-
TUMD Luxembourg S.a.r.l (45% held by TUES1)	Manufacturer of marine ingredients	France	-	-	116,100	-	116,100	-
Nutrifish (held by TUES1) <sup>(3)</sup>					8,959,150	8,275,133	8,582,438	7,895,108
					9,794,673	9,110,426	10,766,530	10,336,972

<sup>(1)</sup> The Group's total investment in Avanti Feeds Limited is 24.65%.

<sup>(2)</sup> The Company has classified this investment as investment in an associate because the Company's voting right in this associate is not more than 50% of the total voting rights.

<sup>(3)</sup> The Group has classified this investment as investment in an associate because the Group has significant influence from voting rights in this associate.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 Investments in associates (continued)**

Set out below are the associates of the Group as at 31 December 2018, which, in the opinion of the directors, are material to the Group.

**Nature of investments in associates in 2018 and 2017:**

Company's name	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		2018	2017		
Avanti Feeds Limited	India	24.65	25.12	Note 1	Equity
Red Lobster Group	USA	25.00	25.00	Note 2	Equity

Note 1: Avanti Feeds Limited is a manufacturer of prawn feed, shrimp processor and exporter of its products globally. Avanti Feeds Limited is a strategic partnership of the Group in shrimp feed manufacturing and shrimp processing.

As at 31 December 2018, the fair value of the Group's interest in Avanti Feeds Limited, which listed on the National Stock Exchange of India, was Baht 5,621.93 million (2017: Baht 13,749.17 million) and the carrying amount of the Group's interest was Baht 1,221.76 million (2017: Baht 1,190.52 million).

Note 2: Red Lobster is a seafood restaurant chain in the United States and has operations in many countries such as Canada, Malaysia and Japan. Red Lobster is a strategic partnership for the Group's growth in a food service business.

There are no contingent liabilities relating to the Group's interests in the associates.

In July 2018, the Group acquired 45% share of TUMD Luxembourg S.a.r.l (TUMD), a holding company in Luxembourg with the purchase price of EUR 12.78 million of equivalent to Baht 497 million. TUMD wholly owns three Russian subsidiaries which are in retail focused fish and seafood business. TUMD is an associate company of the Group.

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.2 Investments in associates (continued)

Summarised financial information for associates:

Set out below are the summarised financial information for companies which are accounted for using the equity method.

Summarised statements of financial position

As at 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Assets</b>						
Current assets	6,187,520	6,024,009	14,277,912	14,082,200	20,465,432	20,106,209
Non-current assets	1,444,228	1,722,030	13,336,868	13,693,297	14,781,096	15,415,327
Total assets	7,631,748	7,746,039	27,614,780	27,775,497	35,246,528	35,521,536
<b>Liabilities</b>						
Current liabilities	(1,618,704)	(1,964,986)	(10,152,771)	(9,154,697)	(11,771,475)	(11,119,683)
Non-current liabilities	(182,554)	(227,910)	(17,918,909)	(17,755,483)	(18,101,463)	(17,983,393)
Total liabilities	(1,801,258)	(2,192,896)	(28,071,680)	(26,910,180)	(29,872,938)	(29,103,076)
<b>Net assets</b>						
Less Non-controlling interest of associates	5,830,490	5,553,143	(456,900)	865,317	5,373,590	6,418,460
Elimination entries	(665,107)	(584,307)	-	-	(665,107)	(584,307)
	(208,963)	(229,513)	-	-	(208,963)	(229,513)
<b>Net assets</b>	4,956,420	4,739,323	(456,900)	865,317	4,499,520	5,604,640

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.2 Investments in associates (continued)

Summarised financial information for associates (continued):

Set out below are the summarised financial information for companies which are accounted for using the equity method (continued).

Summarised statements of comprehensive income

For the years ended 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Revenue	16,048,084	16,839,230	70,046,877	80,597,560	86,094,961	97,436,790
Profit (loss) before income tax	1,884,181	3,687,664	(467,441)	(657,950)	1,416,740	3,029,714
Income tax	(636,933)	(1,262,704)	(43,063)	(127,584)	(679,996)	(1,390,288)
Post-tax profit (loss) from continuing operations	1,247,248	2,424,960	(510,504)	(785,534)	736,744	1,639,426
Other comprehensive income	-	-	(834,706)	-	(834,706)	-
Total comprehensive income (expenses)	1,247,248	2,424,960	(1,345,210)	(785,534)	(97,962)	1,639,426
<b>Dividends received from associates</b>	95,889	54,483	-	-	95,889	54,483

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.



Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.2 Investments in associates (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

For the years ended 31 December	Avanti Feeds Limited		Red Lobster Group		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Opening net assets as at 1 January	4,739,323	2,650,493	865,317	1,837,676	5,604,640	4,488,169
Disposal during the year	(2,193)	-	-	-	(2,193)	-
Profit (loss) for the year	1,247,248	2,424,960	(510,504)	(785,534)	736,744	1,639,426
Other comprehensive expenses for the year	-	-	(834,706)	-	(834,706)	-
Dividends	(468,165)	(261,027)	-	-	(468,165)	(261,027)
Exchange differences on transaction	(559,793)	(75,103)	22,993	(186,825)	(536,800)	(261,928)
Closing net assets as at 31 December	4,956,420	4,739,323	(456,900)	865,317	4,499,520	5,604,640
Shareholding percentage	24.65%	25.12%	25.00%	25.00%		
Interest in associates	1,221,758	1,190,518	(114,225)	216,329	1,107,533	1,406,847
Goodwill	-	-	7,030,323	7,080,392	7,030,323	7,080,392
Carrying value	1,221,758	1,190,518	6,916,098	7,296,721	8,137,856	8,487,239

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.2 Investments in associates (continued)**

**Individually immaterial associates**

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

<b>As at 31 December</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Aggregate carrying amount of individually immaterial associates	2,628,674	1,849,733
<b>For the years ended 31 December</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Aggregate amounts of the Group's share of:		
Profit for the year from continuing operations	295,993	217,164
Total comprehensive income for the year	295,993	217,164

**13.3 Investments in joint ventures**

The movements of investments in joint ventures during the year are as follows:

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening net book value	530,803	626,463	-	-
Additions	-	93,270	31,600	-
Share of loss	(196,400)	(173,601)	-	-
Translation adjustment	(9,373)	(15,329)	-	-
Closing net book value	325,030	530,803	31,600	-

In August 2018, the Company purchased an investment in a joint venture from a subsidiary with the amount of Baht 31.60 million.

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

13 Investments in subsidiaries, associates and joint ventures (continued)

13.3 Investments in joint ventures (continued)

Details of investment in joint ventures are as follows:

Company's name	Nature of business	Country of incorporation	Shareholding percentage				Cost less impairment		Carrying amounts based on equity method	
			31 December 2018		31 December 2017		31 December 2018		31 December 2017	
			%		%		Thousand Baht		Thousand Baht	
<b>Investment in a joint venture, directly held by the Company</b> TMAC Co., Ltd. (Joint venture of TU and other company in the portion of 51:49)	Distribution of shrimp feed and supplies for breeding and rearing of shrimp and the investment in companies which engaged in the breeding, rearing and distribution of shrimp	Thailand	51.00	-	-	31,600	-	202,035	-	
<b>Investment in a joint venture, directly held by subsidiaries</b> TMAC Co., Ltd. (Joint venture of TFM and other company in the portion of 51:49)	Distribution of shrimp feed and supplies for breeding and rearing of shrimp and the investment in companies which engaged in the breeding, rearing and distribution of shrimp	Thailand	-	26.01	-	-	209,269	-	371,311	
Moresby International Holdings Inc. (Joint venture of TUM and other company in the portion of 33:67)	Holding in fishing company	British Virgin Island	33.22	33.22	170,655	170,655	170,655	64,689	100,220	
Seafood International Holdco (Joint venture of TU/Ge and other parties in the portion of 41:59)	Holding company	Cayman Islands	41.00	41.00	59,150	59,150	59,150	58,306	59,272	
Total					261,405	439,074	325,030	530,803		

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 Investments in joint ventures (continued)**

Set out below is the joint venture of the Group as at 31 December 2018, which, in the opinion of the directors, are material to the Group.

**Nature of investment in joint ventures in 2018 and 2017:**

Name of entity	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		2018	2017		
TMAC Company Limited	Thailand	51.00	26.01	Note 1	Equity

Note 1: TMAC Company Limited is a distributor of shrimp feed and also invests in companies which engaged in the breeding, rearing and distributing of shrimp. TMAC is a strategic partnership of the Group in providing shrimp and engaging in shrimp breeding business.

There are no commitments and contingent liabilities relating to the Group's interest in the joint ventures.

**Summarised financial information for joint ventures:**

Set out below are the summarised financial information for TMAC Company Limited which are accounted for using the equity method.

**Summarised statement of financial position**

As at 31 December	TMAC Co., Ltd.	
	2018 Thousand Baht	2017 Thousand Baht
<b>Current assets</b>		
Cash and cash equivalents	11,174	3,255
Other current assets (excluding cash)	17,972	19,269
Total current assets	29,146	22,524
<b>Non-current assets</b>	405,105	576,090
<b>Total assets</b>	434,251	598,614
<b>Current liabilities</b>		
Other current liabilities (including trade payables)	(352,236)	(182,173)
Total current liabilities	(352,236)	(182,173)
<b>Non-current liabilities</b>	(5,927)	(4,943)
<b>Total liabilities</b>	(358,163)	(187,116)
<b>Net assets</b>	76,088	411,498
Less Non-controlling interests of joint ventures	5,004	1,508
<b>Net assets</b>	81,092	413,006

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 Investments in joint ventures (continued)**

**Summarised financial information for joint ventures: (continued)**

Set out below are the summarised financial information for TMAC Company Limited which are accounted for using the equity method (continued).

**Summarised statement of comprehensive income**

For the years ended 31 December	TMAC Co., Ltd	
	2018 Thousand Baht	2017 Thousand Baht
Revenue	35,428	80,233
Depreciation and amortisation	(27,184)	(42,513)
Impairment of assets	(170,625)	(68,045)
Interest income	78	119
Interest expenses	(5,548)	(2,343)
Loss for the year from operations	(331,914)	(252,297)
Income tax	-	-
Post-tax loss	(331,914)	(252,297)
Other comprehensive expenses for the year	-	-
Total comprehensive expenses for the year	(331,914)	(252,297)

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures

For the years ended 31 December	TMAC Co., Ltd.	
	2018 Thousand Baht	2017 Thousand Baht
Opening net assets as at 1 January	413,006	665,303
Loss for the year from operations	(331,914)	(252,297)
Closing net assets as at 31 December	81,092	413,006
Interest in joint ventures (51.00%)	41,357	210,633
Goodwill	160,678	160,678
Carrying value	202,035	371,311

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**13 Investments in subsidiaries, associates and joint ventures (continued)**

**13.3 Investments in joint ventures (continued)**

**Individually immaterial joint ventures**

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

<b>As at 31 December</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Aggregate carrying amount of individually immaterial joint ventures	122,995	159,492
<b>For the years ended 31 December</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Aggregate amounts of the joint ventures' share of:		
Loss for the year from continuing operations	(27,125)	(44,929)
Total comprehensive expense for the year	(27,125)	(44,929)



14 **Property, plant and equipment, net**As at 31 December 2017

14 **Property, plant and equipment, net (continued)**As at 31 December 2018

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

14 Property, plant and equipment, net (continued)

	Separate financial statements					
	Land and land improvement Thousand Baht	Buildings and building improvements Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Assets under construction Thousand Baht
<b>As at 1 January 2017</b>						
Cost	791,245	2,757,281	3,347,875	200,676	160,627	7,868,313
Less Accumulated depreciation	-	(1,024,156)	(2,396,328)	(103,300)	(90,118)	(3,613,902)
Net book amount	791,245	1,733,125	951,547	97,376	70,509	4,254,411
<b>For the year ended 31 December 2017</b>						
Opening net book amount	791,245	1,733,125	951,547	97,376	70,509	4,254,411
Additions	-	2,524	45,411	24,261	3,359	614,598
Disposals, net book value	-	-	(2,878)	-	(781)	(23,002)
Transfer in (out)	89,106	82,679	58,987	12,170	8,457	-
Depreciation charge	-	(118,915)	(208,892)	(30,582)	(13,461)	(371,850)
Closing net book amount	880,351	1,699,413	844,175	103,225	68,083	4,474,157
<b>As at 31 December 2017</b>						
Cost	880,351	2,817,778	3,388,873	235,977	165,265	8,367,154
Less Accumulated depreciation	-	(1,118,365)	(2,544,698)	(132,752)	(97,182)	(3,892,997)
Net book amount	880,351	1,699,413	844,175	103,225	68,083	4,474,157

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

14 Property, plant and equipment, net (continued)

	Separate financial statements					
	Land and land improvement Thousand Baht	Buildings and building improvements Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Assets under construction Thousand Baht
<b>As at 1 January 2018</b>						
Cost	880,351	2,817,778	3,388,873	235,977	165,265	878,910
<u>Less</u> Accumulated depreciation	-	(1,118,365)	(2,544,698)	(132,752)	(97,182)	-
Net book amount	880,351	1,699,413	844,175	103,225	68,083	878,910
<b>For the year ended 31 December 2018</b>						
Opening net book amount	880,351	1,699,413	844,175	103,225	68,083	878,910
Additions	-	1,972	32,999	24,963	2,102	500,950
Disposals, net book value	-	-	(4,544)	(50)	(1,681)	-
Write-off, net book value	-	(1,447)	(1,630)	(48)	(2)	-
Reclassification	-	-	-	-	-	12,165
Transfer in (out)	9,259	391,523	698,246	20,284	18,838	(1,138,150)
Depreciation charge	-	(135,898)	(225,848)	(37,761)	(25,249)	-
Closing net book amount	889,610	1,955,563	1,343,398	110,613	62,091	253,875
<b>As at 31 December 2018</b>						
Cost	889,610	3,195,429	3,792,505	269,119	166,863	253,875
<u>Less</u> Accumulated depreciation	-	(1,239,866)	(2,449,107)	(158,506)	(104,772)	-
Net book amount	889,610	1,955,563	1,343,398	110,613	62,091	253,875
						4,615,150

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**14 Property, plant and equipment, net (continued)**

Depreciation expense of Baht 2,758 million (2017: Baht 2,528 million) has been charged in “cost of sales”, Baht 2,494 million (2017: Baht 2,304 million), in “selling expense” Baht 3 million (2017: Baht 4 million) and in “administrative expense” Baht 261 million (2017: Baht 220 million) in the consolidated financial statements. Depreciation expense of Baht 425 million (2017: Baht 372 million) has been charged in “cost of sales”, Baht 374 million (2017: Baht 328 million) and in “administrative expense” Baht 51 million (2017: Baht 44 million) in the separate financial statements.

Leased assets included above, where the Group and the Company is a lessee under a finance lease, mainly comprise plant and machinery:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Cost - capitalised finance leases	639,467	665,756	33,824	33,824
<u>Less Accumulated depreciation</u>	<u>(360,987)</u>	<u>(337,597)</u>	<u>(22,366)</u>	<u>(15,549)</u>
Net book amount	<u>278,480</u>	<u>328,159</u>	<u>11,458</u>	<u>18,275</u>

As at 31 December 2018, property, plant and equipment of overseas subsidiaries totalled Baht 612.37 million (2017: Baht 275.69 million) were pledged with financial institutions to secure their credit facilities and short-term and long-term loans from financial institutions (Note 20 and 22).

Borrowing costs of Baht 17.68 million (2017: Baht 37.33 million) arising from financing specifically entered into for the construction of new buildings, were capitalised during the year and are included in “Additions”. A capitalisation rate of 1.05% per annum (2017: 1.91% per annum) was used representing the actual borrowing costs of the loans used to finance the projects.

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

15 Intangible assets, net

	Consolidated financial statements								
	Licenses Thousand Baht	Trademarks Thousand Baht	Customer relationships Thousand Baht	Computer software Thousand Baht	Distributor relationships Thousand Baht	Others Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	Total Thousand Baht
As at 1 January 2017									
Cost	303,584	14,467,109	1,316,775	1,386,909	39,878	39,775	228,344	102,918	17,885,292
Less Accumulated amortisation	(119,786)	(331,558)	(346,205)	(940,416)	(3,988)	(33,089)	-	-	(1,775,042)
Allowance for impairment	-	(167,435)	-	(6,882)	-	-	-	-	(174,317)
Net book amount	183,798	13,968,116	970,570	439,611	35,890	6,686	228,344	102,918	15,935,933
For the year ended 31 December 2017									
Opening net book amount	183,798	13,968,116	970,570	439,611	35,890	6,686	228,344	102,918	15,935,933
Additions	-	234	-	12,132	-	-	639,782	78,183	730,331
Disposals, net book value	(29)	-	-	(165)	-	-	-	-	(194)
Write-off, net book value	(7,203)	-	-	(597)	-	-	-	-	(7,800)
Reclassification	-	-	-	(53,184)	1,278	(3)	68,724	-	16,815
Transfer in (out)	-	-	-	339,291	-	-	(339,291)	-	-
Amortisation charge	(8,382)	(1,079)	(85,915)	(127,528)	(8,106)	(1,955)	-	-	(232,965)
Impairment loss	-	(11,361)	-	-	-	-	-	-	(11,361)
Translation adjustment	(955)	331,151	21,676	(9,573)	(717)	281	(1,202)	-	340,661
Closing net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420
As at 31 December 2017									
Cost	274,273	14,771,411	1,329,938	1,618,229	40,307	39,922	596,357	181,101	18,851,538
Less Accumulated amortisation	(107,044)	(305,821)	(423,607)	(1,018,242)	(11,962)	(34,913)	-	-	(1,901,589)
Allowance for impairment	-	(178,529)	-	-	-	-	-	-	(178,529)
Net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420



Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

15 Intangible assets, net (continued)

	Consolidated financial statements								
	Licenses Thousand Baht	Trademarks Thousand Baht	Customer relationships Thousand Baht	Computer software Thousand Baht	Distributor relationships Thousand Baht	Others Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	Total Thousand Baht
As at 1 January 2018									
Cost	274,273	14,771,411	1,329,938	1,618,229	40,307	39,922	596,357	181,101	18,851,538
Less Accumulated amortisation	(107,044)	(305,821)	(423,607)	(1,018,242)	(11,962)	(34,913)	-	-	(1,901,589)
Allowance for impairment	-	(178,529)	-	-	-	-	-	-	(178,529)
Net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420
For the year ended									
31 December 2018									
Opening net book amount	167,229	14,287,061	906,331	599,987	28,345	5,009	596,357	181,101	16,771,420
Additions	2,068	672	-	73,015	-	-	388,740	44,379	508,874
Disposals, net book value	-	-	-	(7)	-	-	-	-	(7)
Write-off, net book value	-	-	-	(165)	-	-	-	-	(165)
Reclassification	-	-	-	27,273	-	894	7,647	(29,243)	6,571
Transfer in (out)	-	-	-	28,715	-	-	(28,715)	-	-
Amortisation charge	(5,860)	(1,067)	(77,103)	(138,264)	(7,727)	(879)	-	-	(230,900)
Impairment loss	-	-	(36,704)	-	-	-	-	(10,386)	(47,090)
Translation adjustment	(10,457)	(681,205)	(39,505)	(2,873)	(2,039)	(230)	157	-	(736,152)
Closing net book amount	152,980	13,605,461	753,019	587,681	18,579	4,794	964,186	185,851	16,272,551
As at 31 December 2018									
Cost	261,065	14,079,793	1,181,144	1,703,627	36,919	38,373	964,186	196,237	18,461,344
Less Accumulated amortisation	(108,085)	(304,504)	(428,125)	(1,115,946)	(18,340)	(33,579)	-	-	(2,008,579)
Allowance for impairment	-	(169,828)	-	-	-	-	-	(10,386)	(180,214)
Net book amount	152,980	13,605,461	753,019	587,681	18,579	4,794	964,186	185,851	16,272,551

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**15 Intangible assets, net (continued)**

	Separate financial statements				
	Trademarks Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Product development in progress Thousand Baht	Total Thousand Baht
<b>As at 1 January 2017</b>					
Cost	-	220,997	216,778	102,918	540,693
<u>Less</u> Accumulated amortisation	-	(27,139)	-	-	(27,139)
<b>Net book amount</b>	-	193,858	216,778	102,918	513,554
<b>For the year ended 31 December 2017</b>					
Opening net book amount	-	193,858	216,778	102,918	513,554
Additions	-	1,531	615,926	78,183	695,640
Reclassification	-	(68,924)	68,924	-	-
Transfer in (out)	-	309,960	(309,960)	-	-
Amortisation charge	-	(31,876)	-	-	(31,876)
<b>Closing net book amount</b>	-	404,549	591,668	181,101	1,177,318
<b>As at 31 December 2017</b>					
Cost	-	463,564	591,668	181,101	1,236,333
<u>Less</u> Accumulated amortisation	-	(59,015)	-	-	(59,015)
<b>Net book amount</b>	-	404,549	591,668	181,101	1,177,318
<b>For the year ended 31 December 2018</b>					
Opening net book amount	-	404,549	591,668	181,101	1,177,318
Additions	55,437	179	372,519	44,379	472,514
Write-off, net book value	-	(24)	-	-	(24)
Reclassification	-	637	-	(29,243)	(28,606)
Amortisation charge	-	(52,686)	-	-	(52,686)
Impairment loss	-	-	-	(10,386)	(10,386)
<b>Closing net book amount</b>	55,437	352,655	964,187	185,851	1,558,130
<b>As at 31 December 2018</b>					
Cost	55,437	459,895	964,187	196,237	1,675,756
<u>Less</u> Accumulated amortisation	-	(107,240)	-	-	(107,240)
Allowance for impairment	-	-	-	(10,386)	(10,386)
<b>Net book amount</b>	55,437	352,655	964,187	185,851	1,558,130

Computer software and product development in progress include internally generated capitalised development costs and other costs.

Amortisation of Baht 231 million (2017: Baht 233 million) is included in “cost of goods sold” Baht 12 million (2017: Baht 11 million), in “selling expense” Baht 69 million (2017: Baht 93 million) and in “administrative expense” Baht 150 million (2017: Baht 129 million) in the consolidated financial statements. Amortisation of Baht 53 million (2017: Baht 32 million) is included in administrative expenses in the separate financial statements.

As at 31 December 2018 and 2017, the Group had no intangible assets pledged for credit facilities.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**15 Intangible assets, net (continued)**

**Impairment tests for trademarks**

The Group's trademarks results from business combinations. Considering their long track record of stability, durability and the intention of the management, the trademarks have an indefinite useful life thus not amortized.

The recoverable amounts of trademarks have been determined based on fair value which is mainly derived from the relief-from-royalty method and value-in-use calculations. The relief-from-royalty method consists, in applying to the brand revenues, a royalty rate determined by a qualitative and quantitative analysis of the positioning of the brands in the market. The value-in-use calculation is determined by discounting future cash flow. The key assumptions used in the estimation of value in use were growth rate and discount rate.

For each of the brand with significant carrying amount using relief-from-royalty, the key assumptions are royalty rate and discount rate use in the calculation are as follow:

Brand	John West	Petit Navire	King Oscar
Royalty rate	3.2%	12.0%	2.5%
Discount rate	8.7%	7.6%	7.3%

For the brand using value-in-use calculation, the key assumptions are growth rate and discount rate use in the calculation are as follow:

Brand	Chicken of the Sea
Growth rate	1.5%
Discount rate	7.6%

**16 Other long-term investments**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Available-for-sale investments, net	40,652	1,006,784	-	987,028
General investments	1,419	5,321	1,500	1,500
Net book amount	42,071	1,012,105	1,500	988,528

The movements of available-for-sale investments during the year can be analysed as follows:

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Opening net book value	1,006,784	2,650,641	987,028	2,626,527
Additions	23,703	-	-	-
Disposals, net	(1,020,698)	(1,656,612)	(1,020,698)	(1,652,219)
Change in fair value of investments	31,377	12,732	33,670	12,720
Translation adjustment	(514)	23	-	-
Net book amount	40,652	1,006,784	-	987,028

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**17 Goodwill**

	<b>Consolidated financial statements</b>
	<b>Thousand Baht</b>
<b>As at 1 January 2017</b>	
Cost	13,646,643
<u>Less</u> Allowance for impairment	-
<b>Net book amount</b>	<b>13,646,643</b>
<b>For the year ended 31 December 2017</b>	
Opening net book amount	13,646,643
Translation adjustment	433,422
<b>Closing net book amount</b>	<b>14,080,065</b>
<b>As at 31 December 2017</b>	
Cost	14,080,065
<u>Less</u> Allowance for impairment	-
<b>Net book amount</b>	<b>14,080,065</b>
<b>For the year ended 31 December 2018</b>	
Opening net book amount	14,080,065
Impairment	(268,452)
Translation adjustment	(677,544)
<b>Closing net book amount</b>	<b>13,134,069</b>
<b>As at 31 December 2018</b>	
Cost	13,396,203
<u>Less</u> Allowance for impairment	(262,134)
<b>Net book amount</b>	<b>13,134,069</b>

Impairment charge arose in a CGU of frozen and chilled in Europe continents following the decision to divest chilled salmon business as mentioned in Note 12.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**17 Goodwill (continued)**

**Impairment tests for goodwill**

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The Group management review the business performance based on geography and type of business.

A segment-level summary of the goodwill allocation is presented below.

	Consolidated financial statements			
	Ambient seafood business Thousand Baht	Frozen and chilled seafood and related business Thousand Baht	Pet food, value-added and other business Thousand Baht	Total Thousand Baht
As at 31 December 2017				
Asia continents	42,358	-	-	42,358
Europe continents	12,680,359	825,694	-	13,506,053
US continents	32,748	498,906	-	531,654
Goodwill allocation	12,755,465	1,324,600	-	14,080,065
As at 31 December 2018				
Asia continents	42,358	-	-	42,358
Europe continents	12,055,558	523,317	-	12,578,875
US continents	32,516	480,320	-	512,836
Goodwill allocation	12,130,432	1,003,637	-	13,134,069

These calculations use cash flow projections before income taxes based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill, the key assumptions used in the value-in-use calculations are as follows.

	Europe continents - Ambient seafood business	Europe continents - Frozen and chilled seafood and related business	US continents - Frozen and chilled seafood and related business
Growth rate	1.5%	1.5%	2.5%
Discount rate	7.1%	6.6%	7.6%

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the growth rates to be consistent with the forecasts in the industry. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**18 Deferred income taxes**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	385,831	497,502	-	100
Deferred tax asset to be recovered after more than 12 months	1,625,643	992,673	46,094	23,159
	<u>2,011,474</u>	<u>1,490,175</u>	<u>46,094</u>	<u>23,259</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(183,161)	(99,256)	-	-
Deferred tax liabilities to be settled after more than 12 months	(4,635,317)	(4,903,259)	(3,150)	(3,450)
	<u>(4,818,478)</u>	<u>(5,002,515)</u>	<u>(3,150)</u>	<u>(3,450)</u>
<b>Deferred tax assets (liabilities), net</b>	<u>(2,807,004)</u>	<u>(3,512,340)</u>	<u>42,944</u>	<u>19,809</u>

The reconciliation of deferred tax assets and liabilities in the statements of financial position is as follows:

<b>As at 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Deferred tax assets included in assets of disposal group classified as held-for-sale	130,283	-	-	-
Deferred tax assets, net	1,422,412	1,079,837	42,944	19,809
Deferred tax liabilities, net	(4,359,699)	(4,592,177)	-	-
<b>Deferred tax assets (liabilities), net</b>	<u>(2,807,004)</u>	<u>(3,512,340)</u>	<u>42,944</u>	<u>19,809</u>

The gross movement of deferred income taxes is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>As at 1 January</b>	(3,512,340)	(3,795,551)	19,809	17,709
Credited/(charged) to profit or loss	336,193	401,055	23,135	(1,501)
Charged to other comprehensive income	23,324	2,795	-	3,601
Reclassification	178,329	-	-	-
Translation adjustment	167,490	(120,639)	-	-
<b>As at 31 December</b>	<u>(2,807,004)</u>	<u>(3,512,340)</u>	<u>42,944</u>	<u>19,809</u>



Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

18 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows:

	Credited/(charged) to				Consolidated financial statements			
	As at 1 January 2017 Thousand Baht	Profit and loss		Other comprehensive income		Reclassification Thousand Baht	Translation adjustment Thousand Baht	As at 31 December 2017 Thousand Baht
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht			
<b>Deferred tax assets</b>								
Allowance for doubtful accounts	59,914	(29,607)	-	-	-	(1,300)	29,007	
Allowance for net realisable value of inventories and inventory costs	547,962	(53,469)	-	-	-	(18,725)	475,768	
Allowance for impairment and depreciation of property, plant and equipment	10,687	(8,432)	-	-	-	(926)	1,329	
Amortisation of intangible assets	183,112	18,819	-	-	-	6,092	208,023	
Derivative contracts	3,253	27,206	-	-	-	288	30,747	
Investment in associates	141,656	75,448	-	-	-	(12,360)	204,744	
Employee benefit obligations	97,587	13,113	(3,987)	-	-	(1,938)	104,775	
Provisions and liabilities	161,341	51,538	-	-	-	(13,089)	199,790	
Tax loss carried forward	137,368	269	-	-	-	834	138,471	
Others	69,090	29,061	-	-	-	(630)	97,521	
Total	1,411,970	123,946	(3,987)	-	-	(41,754)	1,490,175	

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

18 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Consolidated financial statements					
	Charged/(credited) to					
	As at	Profit and	Other	Reclassification	Translation	As at
	1 January	loss	comprehensive	Thousand	adjustment	31 December
	Thousand	Thousand	Income	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht
<b>Deferred tax liabilities</b>						
Depreciation of property, plant and equipment	(431,460)	(9,202)	-	-	9,996	(430,666)
Amortisation of intangible assets	(4,456,579)	420,425	-	-	(91,926)	(4,128,080)
Derivative contracts	(2,980)	(12,788)	-	-	(1,064)	(16,832)
Investment in associates	(117,336)	(127,305)	6,782	-	-	(237,859)
Finance lease liabilities	(8,877)	(2,266)	-	-	(358)	(11,501)
Inventory costs	(121,510)	(13,468)	-	-	(4,432)	(139,410)
Others	(68,779)	21,713	-	-	8,899	(38,167)
<b>Total</b>	<b>(5,207,521)</b>	<b>277,109</b>	<b>6,782</b>	<b>-</b>	<b>(78,885)</b>	<b>(5,002,515)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>(3,795,551)</b>	<b>401,055</b>	<b>2,795</b>	<b>-</b>	<b>(120,639)</b>	<b>(3,512,340)</b>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

18 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Consolidated financial statements				
	Credited/(charged) to			As at	
	As at 1 January 2018 Thousand Baht	Profit and loss Thousand Baht	Other comprehensive income Thousand Baht	Reclassification Thousand Baht	Translation adjustment Thousand Baht
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	29,007	11,353	-	-	(197)
Allowance for net realisable value of inventories and inventory costs	475,768	7,608	-	-	(8,913)
Allowance for impairment and depreciation of property, plant and equipment	1,329	26,689	-	-	(523)
Amortisation of intangible assets	208,023	18,931	-	-	(11,172)
Derivative contracts	30,747	(16,956)	-	-	(430)
Investment in associates	204,744	(180,851)	-	-	(1,666)
Employee benefit obligations	104,775	28,668	(10,488)	-	(1,919)
Provisions and liabilities	199,790	(111,824)	-	-	(4,017)
Tax loss carried forward	138,471	658,104	-	178,329	(14,416)
Others	97,521	(41,722)	-	-	(3,289)
<b>Total</b>	<b>1,490,175</b>	<b>400,000</b>	<b>(10,488)</b>	<b>178,329</b>	<b>(46,542)</b>
					<b>2,011,474</b>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

18 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Consolidated financial statements					
	Charged/(credited) to			As at		
	As at 1 January 2018	Profit and loss	comprehensive income	Reclassification	Translation adjustment	As at 31 December 2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Deferred tax liabilities</b>						
Depreciation of property, plant and equipment	(430,666)	36,905	-	-	5,812	(387,949)
Amortisation of intangible assets	(4,128,080)	8,409	-	-	198,082	(3,921,589)
Derivative contracts	(16,832)	2,489	-	-	136	(14,207)
Investment in associates	(237,859)	(97,881)	33,812	-	759	(301,169)
Finance lease liabilities	(11,501)	(1,617)	-	-	601	(12,517)
Inventory costs	(139,410)	2,251	-	-	6,615	(130,544)
Others	(38,167)	(14,363)	-	-	2,027	(50,503)
<b>Total</b>	<b>(5,002,515)</b>	<b>(63,807)</b>	<b>33,812</b>	<b>-</b>	<b>214,032</b>	<b>(4,818,478)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>(3,512,340)</b>	<b>336,193</b>	<b>23,324</b>	<b>178,329</b>	<b>167,490</b>	<b>(2,807,004)</b>

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

18 Deferred income taxes (continued)

The movement in deferred tax assets and liabilities during the year is as follows: (continued)

	Separate financial statements					
	Charged/(credited) to			Charged/(credited) to		
	As at 1 January 2017 Thousand Baht	Profit and loss Thousand Baht	Other comprehensive income Thousand Baht	As at 31 December 2017 Thousand Baht	Profit and loss Thousand Baht	Other comprehensive income Thousand Baht
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	5,674	(174)	-	5,500	7,959	-
Allowance for net realisable value of inventories	3,014	(2,914)	-	100	(100)	-
Employee benefit obligations	11,704	1,839	3,601	17,144	15,491	-
Others	330	185	-	515	(515)	-
<b>Total</b>	<b>20,722</b>	<b>(1,064)</b>	<b>3,601</b>	<b>23,259</b>	<b>22,835</b>	<b>46,094</b>
<b>Deferred tax liabilities</b>						
Depreciation of property, plant and equipment	(2,997)	(102)	-	(3,099)	53	(3,046)
Finance lease liabilities	-	-	-	-	(104)	(104)
Others	(16)	(335)	-	(351)	351	-
<b>Total</b>	<b>(3,013)</b>	<b>(437)</b>	<b>-</b>	<b>(3,450)</b>	<b>300</b>	<b>(3,150)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>17,709</b>	<b>(1,501)</b>	<b>3,601</b>	<b>19,809</b>	<b>23,135</b>	<b>42,944</b>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**18 Deferred income taxes (continued)**

Deferred income tax assets are recognised for tax loss carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 858 million (2017: Baht 570 million) in respect of losses amounting to Baht 4,121 million (2017: Baht 2,688 million) that can be carried forward against future taxable income. Losses amounting to Baht 2,219 million (2017: Baht 1,235 million) will expire between 2019 and 2027 (2017: between 2018 and 2024).

**19 Other non-current assets**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Unamortised discount on derivative contracts	522,436	290,839	522,436	290,839
Advance payment for purchase of construction and equipment	297,003	390,180	1,360	-
Deposit and guarantee	259,381	433,955	27,853	35,385
Accrued interest income - related parties (Note 36)	450,454	-	-	-
Others	222,464	186,905	-	-
Total other non-current assets	<u>1,751,738</u>	<u>1,301,879</u>	<u>551,649</u>	<u>326,224</u>

**20 Bank overdrafts and short-term loans from financial institutions**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Bank overdrafts	275,106	242,316	-	-
Short-term loans	8,148,552	5,318,163	2,463,770	2,467,258
Trust receipts and packing credits	4,951,718	9,685,295	1,325,306	2,773,022
Total bank overdrafts and short-term loans from financial institutions	<u>13,375,376</u>	<u>15,245,774</u>	<u>3,789,076</u>	<u>5,240,280</u>

As at 31 December 2018, the Group's bank overdrafts bear interest rate at the range of 1.25% per annum (2017: 1.25% per annum). The Group's and the Company's short-term loans, trust receipts and packing credits bear interest rate at the range of 0.70% per annum to 4.00% per annum and at the range of 0.70% per annum to 1.85% per annum, respectively (2017: 0.60% per annum to 4.25% per annum and 0.60% per annum to 1.97% per annum, respectively).

The credit facilities were secured by the Group's property, plant and equipment (Note 14) and inventories (Note 10).



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**21 Trade and other payables**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade payable - third parties	12,833,142	13,329,181	2,920,946	2,811,590
Trade payable - related parties (Note 36)	331,595	284,285	510,689	527,646
Accrued expenses and other payables - third parties	5,886,965	5,277,197	759,040	825,912
Accrued expenses and other payables - related parties	49,434	47,834	16,294	30,163
Dividend payable	19,561	17,061	902	5,060
Deposits and unearned revenue	165,025	308,300	20,096	36,404
Construction and equipment purchase payable - third parties	430,128	550,831	166,504	148,882
Construction and equipment purchase payable - related parties	10,219	7,984	1,263	359
Total trade and other payables	19,726,069	19,822,673	4,395,734	4,386,016

**22 Long-term loans from financial institutions, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current portion of long-term loans from financial institutions, net	146,963	849,286	-	797,144
Non-current portion of long-term loans from financial institutions, net	14,568,721	14,711,748	14,078,732	14,073,831
Total long-term loans from financial Institutions, net	14,715,684	15,561,034	14,078,732	14,870,975

The movements of long-term loans from financial institutions during the year can be analysed as follows:

For the year ended 31 December 2018	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
Opening balance	15,561,034	14,870,975
Additions	49,819	-
Amortisation of financial fees	16,737	16,737
Repayments	(865,245)	(779,620)
Gain on foreign exchange rates	(25,320)	(29,360)
Translation adjustment	(21,341)	-
Closing balance	14,715,684	14,078,732

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**22 Long-term loans from financial institutions, net (continued)**

As at 31 December 2018, long-term loans from financial institutions are for operation, purchase of machinery, investments in subsidiaries, associates and joint ventures and construction of factory. The loans of Baht 248.33 million (2017: Baht 67.08 million) are secured by the Group's property, plant and equipment. The Group and the Company are subject to certain financial covenants, including limitations on indebtedness, capital leases and capital expenditures, transactions with affiliates, distributions, and dividend payments.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

**Borrowing facilities**

The Group had the following unused overdraft lines from financial institutions and other credit facilities:

As at 31 December	Consolidated financial statements	
	2018	2017
Baht	Baht 32,840 million	Baht 33,750 million
US Dollar	USD 265 million	USD 316 million
Euro	EUR 24 million	EUR 27 million
Canadian Dollar	CAD 2 million	-

**23 Debentures, net**

On 25 April 2011, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Group and the Company in the amount of up to Baht 15,000 million or the equivalent amount in other currencies, for the purposes of refinancing debt and future expansion. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

On 3 April 2014, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Group and the Company in the amount of Baht 15,000 million up to Baht 25,000 million or the equivalent amount in other currencies. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

On 3 April 2015, the Annual General Meeting of Shareholders approved the increase of credit limit for issuance of debentures of the Group and the Company in the amount of Baht 25,000 million up to Baht 40,000 million or the equivalent amount in other currencies. Such debentures may be offered to the public and/or institutional investors and/or local and/or foreign investors.

On 11 April 2016, the Company issued the US Dollars debenture amounting to USD 75 million for the purpose of future expansion. The term of debenture is 10 years and bears interest rate of 3.66% per annum. The interest is paid semi-annually. Such debentures are offered to the institutional investors and large investors.

In July 2016, the Company issued the Thai Baht debentures which are unsubordinated and unsecured totaling Baht 10,000 million. Such debentures were offered to the institutional investors and large investors.

In January 2017, the Company issued the Thai Baht debentures which are unsubordinated and unsecured totalling Baht 12,000 million. Such debentures are offered to the institutional investors and large investors. Under the issuance of these debentures, the Company has to comply with the conditions including certain financial covenants.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**23 Debentures, net (continued)**

The Company's debentures which are unsecured debentures with no trustee, issued with a registered certificate and unsubordinated, are summarised below:

Debentures	Interest rate (% per annum)	Terms	Due date	Number of debentures Thousand units	Consolidated and Separate financial information	
					As at 31 December 2018 Million Baht	As at 31 December 2017 Million Baht
Debentures # 1/2011 (3)	5.02	10 years	27 July 2021	1,500	1,500	1,500
Debentures # 1/2014 (2)	4.21	5 years	6 February 2019	3,150	3,150	3,150
Debentures # 1/2014 (3)	4.69	7 years	6 February 2021	1,550	1,550	1,550
Debentures # 1/2014 (4)	5.18	10 years	6 February 2024	1,050	1,050	1,050
Debentures # 2/2014 (1)	4.21	7 years	9 October 2021	1,000	1,000	1,000
Debentures # 2/2014 (2)	4.58	10 years	9 October 2024	3,500	3,500	3,500
Debentures #1/2016 (USD)	3.66	10 years	11 April 2026	75	2,446	2,464
Debentures #2/2016 (1)	2.03	3 years	20 July 2019	6,000	6,000	6,000
Debentures #2/2016 (2)	2.32	5 years	20 July 2021	2,000	2,000	2,000
Debentures #2/2016 (3)	2.79	7 years	20 July 2023	2,000	2,000	2,000
Debentures #1/2017 (1)	2.49	3 years	19 January 2020	3,500	3,500	3,500
Debentures #1/2017 (2)	2.91	5 years	19 January 2022	2,000	2,000	2,000
Debentures #1/2017 (3)	3.58	7 years	19 January 2024	2,500	2,500	2,500
Debentures #1/2017 (4)	3.94	10 years	19 January 2027	4,000	4,000	4,000
Total debentures - face value					36,196	36,214
<u>Less</u> Unamortised issuance costs					(34)	(45)
Total debentures, net					36,162	36,169
<u>Less</u> Current portion of debentures, net					(9,148)	-
Non-current portion of debentures, net					27,014	36,169

The above debentures contain covenants relating to various matters such as the maintenance of net debt to shareholders' equity ratio and interest coverage ratio, and certain conditions in issuance of debentures agreements; for example, annual dividend payment in the form of cash exceeding 60% of consolidated net income of the year is prohibited.

The movement of debenture during the year can be analysed as follows:

For the year ended 31 December 2018	Consolidated and separate financial statements
	Thousand Baht
Opening balance	36,168,880
Unrealised gain on foreign exchange rate:	(17,430)
Amortisation of issuance costs	11,038
Closing balance	36,162,488

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**23 Debentures, net (continued)**

The carrying amounts and fair values of debentures are as follows:

As at 31 December	Consolidated and separate financial statements			
	Carrying amounts		Fair values	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Debentures, net	36,162,488	36,168,880	36,799,997	37,443,940

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 1.66% - 3.56% per annum (2017: 1.63% - 3.38 % per annum) and are within level 2 of the fair value hierarchy (Note 3.3).

**24 Finance lease liabilities, net**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current portion of finance lease liabilities	39,001	47,257	6,102	7,278
Non-current portion of finance lease liabilities	113,978	154,785	6,700	12,802
Total finance lease liabilities, net	152,979	202,042	12,802	20,080

The minimum lease payments recognised as finance lease liabilities are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not later than one year	44,912	54,196	6,523	7,970
Later than 1 year but not later than 5 years	110,669	132,119	6,860	13,384
Later than 5 years	11,230	35,417	-	-
	166,811	221,732	13,383	21,354
<u>Less</u> Future finance charges on finance leases	(13,832)	(19,690)	(581)	(1,274)
Present value of finance lease liabilities	152,979	202,042	12,802	20,080

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**24 Finance lease liabilities, net (continued)**

The present value of finance lease liabilities is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not later than one year	39,001	47,257	6,102	7,278
Later than 1 year but not later than 5 years	102,889	120,394	6,700	12,802
Later than 5 years	11,089	34,391	-	-
	<u>152,979</u>	<u>202,042</u>	<u>12,802</u>	<u>20,080</u>

**25 Other non-current liabilities**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Option over non-controlling interests of an oversea subsidiary	1,866,322	2,024,879	-	-
Unamortized premium on derivative contracts	502,582	615,340	502,582	615,340
Others	522,766	440,583	30,168	44,989
Total other non-current liabilities	<u>2,891,670</u>	<u>3,080,802</u>	<u>532,750</u>	<u>660,329</u>

In 2016, the Group acquired 51% equity stake in Rugen Fisch AG. The Group also holds a call option and the other shareholders who are a non-controlling interests hold a put option over the remaining 49% exercisable between 2019 and 2021. The Group has an obligation to purchase non-controlling interests' shareholding, which represents 49% of total shareholding. The Group recognised the liabilities under other non-current liabilities together with options over non-controlling interests as part of business combination, which is presented in other reserve in the statement of changes in equity.

**26 Employee benefit obligations**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Liability in the statement of financial position				
- Retirement benefits	<u>2,470,590</u>	<u>2,356,189</u>	<u>786,950</u>	<u>707,644</u>
Profit or loss charge included in the statement of income				
- Retirement benefits	<u>334,247</u>	<u>180,459</u>	<u>102,845</u>	<u>74,474</u>
Remeasurement for				
- Retirement benefits	<u>(72,255)</u>	<u>326,097</u>	<u>-</u>	<u>163,796</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**26 Employee benefit obligations (continued)**

**Retirement benefits plans**

The plans are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The movement in the defined benefit obligations during the year is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	2,356,189	1,916,304	707,644	455,667
Current service cost	263,461	200,137	86,645	60,676
Past service cost	2,699	(94,687)	-	-
Interest cost	68,087	75,009	16,200	13,798
	<u>334,247</u>	<u>180,459</u>	<u>102,845</u>	<u>74,474</u>
Remeasurements:				
(Gain)/Loss from change in demographic assumptions	(5,747)	(28,683)	-	(73,207)
(Gain)/Loss from change in financial assumptions	(53,985)	59,170	-	72,025
Experience (Gain)/Loss	(12,523)	295,610	-	164,978
	<u>(72,255)</u>	<u>326,097</u>	<u>-</u>	<u>163,796</u>
Benefit payments	(135,913)	(58,237)	(23,539)	(8,147)
Reclassification	-	-	-	21,854
Translation adjustment	(11,678)	(8,434)	-	-
As at 31 December	<u>2,470,590</u>	<u>2,356,189</u>	<u>786,950</u>	<u>707,644</u>

The Group and the Company expect to pay Baht 89 million and Baht 28 million, respectively, of retirement benefits during the next year. (2017: Baht 226 million and Baht 117 million, respectively).

As at 31 December 2018, the weighted average durations of the liabilities for retirement benefits for the Group and the Company are 12 years and 12 years, respectively (2017: 13 years and 13 years, respectively).



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**26 Employee benefit obligations (continued)**

**Retirement benefits plans (continued)**

The principal actuarial assumptions used are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Discount rate (%)	1.0 - 19.5	1.0 - 15.0	1.4 - 3.9	1.4 - 3.9
Salary growth rate (%)	1.5 - 15.0	1.5 - 15.0	3.5 - 7.0	3.5 - 7.0

	<b>Consolidated financial statements</b>			
	<b>Impact on defined benefit obligation</b>			
	<b>Increase in assumption by 1%</b>		<b>Decrease in assumption by 1%</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Discount rate	(213,863)	(215,068)	248,974	251,365
Salary growth rate	264,182	213,209	(230,794)	(212,051)

	<b>Separate financial statements</b>			
	<b>Impact on defined benefit obligation</b>			
	<b>Increase in assumption by 1%</b>		<b>Decrease in assumption by 1%</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Discount rate	(61,958)	(58,321)	71,603	67,458
Salary growth rate	75,246	64,125	(66,280)	(56,771)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, at the end of the year, the same method has been applied as when calculating the employee benefit obligation recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements will be impacted. The Group and the Company is currently assessing the impact of such change.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**27 Share capital and premium on share capital**

	<b>Number of issued and paid-up shares Shares</b>	<b>Ordinary shares Thousand Baht</b>	<b>Premium on share capital Thousand Baht</b>	<b>Total Thousand Baht</b>
As at 1 January 2017	4,771,815,496	1,192,954	19,948,329	21,141,283
Issue of shares	-	-	-	-
As at 31 December 2017	4,771,815,496	1,192,954	19,948,329	21,141,283
Issue of shares	-	-	-	-
As at 31 December 2018	4,771,815,496	1,192,954	19,948,329	21,141,283

The total number of authorised ordinary shares is 5,971,815,496 shares (2017: 5,971,815,496 shares) with a par value of Baht 0.25 per share (2017: Baht 0.25 per share). There are 4,771,815,496 shares (2017: 4,771,815,496 shares) which are fully paid.

Under the Public Companies Act. B.E. 2535 requires companies to set aside share subscription monies received in excess of the issued shares' par value to a reserve account (share premium). The share premium is not available for dividend distribution.

**28 Dividends**

On 5 April 2017, the Annual General Meeting of the Company approved a resolution to pay a dividend of Baht 3,006 million from its net profit from operations of the year 2016. However, by the resolution of the meeting of the Company's Board of Directors held on 8 August 2016, the Company paid out the interim dividend payment of Baht 0.32 per share from the six-month operating profit ended 30 June 2016 to the Company's shareholders totalling Baht 1,527 million on 2 September 2016. The remaining dividend of Baht 0.31 per share or totalling Baht 1,479 million was paid on 20 April 2017.

On 5 April 2018, the Annual General Meeting of the Company approved a resolution to pay a dividend of Baht 3,149 million from its net profit from operations of the year 2017. However, by the resolution of the meeting of the Company's Board of Directors held on 7 August 2017, the Company paid out the interim dividend payment of Baht 0.32 per share from the six-month operating profit ended 30 June 2017 to the Company's shareholders totalling Baht 1,527 million on 4 September 2017. The remaining dividend of Baht 0.34 per share or totalling Baht 1,622 million was paid on 23 April 2018.

On 6 August 2018, the Board of Directors' meeting of the Company passed a resolution to approve an interim dividend payment of Baht 0.25 per share to the Company's shareholders totalling Baht 1,193 million. The interim dividend was paid on 3 September 2018.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**29 Legal reserve**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	149,295	149,295	149,295	149,295
Appropriate during the year	-	-	-	-
As at 31 December	149,295	149,295	149,295	149,295

Under of the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**30 Sales**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
For the years ended 31 December				
Sales	133,284,638	134,937,268	26,353,781	22,185,198
Management fee	-	-	262,917	226,411
Total sales and services	133,284,638	134,937,268	26,616,698	22,411,609

**31 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
For the years ended 31 December				
Tax coupon	209,341	167,959	22,178	18,163
Management fee	72,429	82,279	11,378	14,111
Amortised premium/discount on derivatives contracts	-	95,163	-	69,494
Other income	678,667	754,102	209,389	310,569
Total other income	960,437	1,099,503	242,945	412,337

**32 Finance costs**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
For the years ended 31 December				
Amortisation of financing costs	27,775	26,172	27,774	26,172
Interest expenses	1,857,031	1,843,128	1,658,059	1,675,876
Other finance costs	140,543	266,564	28,615	24,897
Total finance costs	2,025,349	2,135,864	1,714,448	1,726,945

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**33 Expense by nature**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Changes in finished goods and work in process	840,785	(115,559)	311,063	(422,151)
Raw material and consumables used and purchased finished goods	86,412,831	84,826,703	20,633,556	16,539,195
Employee expenses	12,309,593	13,944,424	2,957,052	2,859,102
Depreciation on property, plant and equipment (Note 14)	2,758,014	2,527,849	424,756	371,850
Impairment of assets	398,243	12,576	10,386	-
Amortisation of intangible assets (Note 15)	230,900	232,965	52,686	31,876
Operating lease expenses	802,225	694,098	250,760	210,907
Research and development expenses	300	93,956	-	10,627

**34 Income tax**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Current tax:</b>				
Current tax on profit for the year	422,634	381,661	4,815	1,833
Adjustments in respect of prior year	(77,154)	(79,542)	11,024	5,753
Total current tax	345,480	302,119	15,839	7,586
<b>Deferred income tax:</b>				
Decrease (increase) in deferred tax assets (Note 18)	(400,000)	(123,946)	(22,835)	1,064
Increase (decrease) in deferred tax liabilities (Note 18)	63,807	(277,109)	(300)	437
Total deferred income tax	(336,193)	(401,055)	(23,135)	1,501
<b>Total income tax expenses (income)</b>	<b>9,287</b>	<b>(98,936)</b>	<b>(7,296)</b>	<b>9,087</b>
<b>Income tax expenses (income) attributable to:</b>				
- From continuing operations	121,120	(65,114)	(7,296)	9,087
- From discontinued operation	(111,833)	(33,822)	-	-
<b>Total income tax expenses (income)</b>	<b>9,287</b>	<b>(98,936)</b>	<b>(7,296)</b>	<b>9,087</b>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**34 Income tax (continued)**

The taxes on the Group's and the Company's profits before tax differ from the theoretical amounts that would arise using the basic tax rates of the Group and the Company as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Profit before tax from continuing operations	4,488,680	6,681,888	10,783,819	3,139,534
Loss before tax from discontinued operation	(824,923)	(320,149)	-	-
Total profit before tax	3,663,757	6,361,739	10,783,819	3,139,534
Tax calculated at tax rates of 10 - 34% (2017: 10 - 38%)	757,691	1,220,332	2,156,764	627,907
Tax effect of:				
Income not subject to tax	(1,091,521)	(984,846)	(2,333,453)	(769,894)
Additional expenses deductible for tax purpose	(392,539)	(577,639)	(12,189)	-
Expenses not deductible for tax purpose	178,478	191,641	7,528	24,910
Utilisation of previously unrecognised tax losses	(25,864)	(20,555)	-	-
Recognition of deferred tax assets from previously unrecognised tax losses and temporary differences	(222,211)	(33,004)	-	-
Tax losses and temporary differences for which no deferred tax asset was recognised	919,170	323,780	186,268	119,692
Adjustments in respect of prior year	(77,154)	(79,542)	11,024	5,753
Impact on change in tax rate	(58,689)	(152,764)	-	-
Others	21,926	13,661	(23,238)	719
Total income tax expenses (income)	9,287	(98,936)	(7,296)	9,087

The Group's weighted average applicable tax rate was 0.25% (2017: -1.55%). The change in average tax rate of the Group is due to the change in corporate income tax of foreign subsidiaries.

The Company's weighted average applicable tax rate was -0.07% (2017: 0.29%).

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**34 Income tax (continued)**

The tax charge relating to components of other comprehensive income is as follows:

For the years ended 31 December	Consolidated financial statements					
	2018			2017		
	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht
Actuarial gain on employee benefit obligations	72,255	(10,488)	61,767	(326,097)	(3,987)	(330,084)
Other reserves	4,879	-	4,879	(270,172)	-	(270,172)
Change in fair values of available-for-sale investments	31,377	-	31,377	12,732	-	12,732
Translation adjustment	(1,191,126)	33,812	(1,224,938)	(786,274)	6,782	(779,492)
<b>Other comprehensive income (expenses)</b>	<b>(1,082,615)</b>	<b>23,324</b>	<b>(1,126,915)</b>	<b>(1,369,811)</b>	<b>2,795</b>	<b>(1,367,016)</b>
For the years ended 31 December	Separate financial statements					
	2018			2017		
	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax charge Thousand Baht	After tax Thousand Baht
Actuarial gain on employee benefit obligations	-	-	-	(163,796)	3,601	(160,195)
Change in fair values of available-for-sale investments	33,669	-	33,669	12,720	-	12,720
<b>Other comprehensive income (expenses)</b>	<b>33,669</b>	<b>-</b>	<b>33,669</b>	<b>(151,076)</b>	<b>3,601</b>	<b>(147,475)</b>

**35 Earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the parent (excluded other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

For the year ended 31 December	Consolidated financial information		Separate financial information	
	2018	2017	2018	2017
Net profit attributable to the owners of the parent (Thousand Baht)				
- From continuing operations	3,969,301	6,275,511	10,791,115	3,130,447
- From discontinued operation	(713,090)	(286,327)	-	-
Net profit attributable to the owners of the parent (Thousand Baht)	3,256,211	5,989,184	10,791,115	3,130,447
Weighted average number of ordinary shares outstanding (Thousand shares)	4,771,815	4,771,815	4,771,815	4,771,815
<b>Basic earnings per share (Baht per share)</b>	<b>0.68</b>	<b>1.25</b>	<b>2.26</b>	<b>0.66</b>

There are no dilutive potential ordinary shares in issue during the year presented, so no diluted earnings per share is presented.



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**36 Related party transactions**

The Company is the ultimate parent company. The largest shareholder of the Company is a group of Chansiri family, which owns 19.57% of the Company's shares. The remaining of the shares are widely held.

The lists of subsidiaries, associates and joint ventures are set out in Note 13.

The following significant transactions and balances were carried out with related parties:

**i) Sales**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Revenue from sales</b>				
Subsidiaries	-	-	13,270,873	9,370,739
Associates and joint ventures	3,737,677	4,908,962	56,715	18,805
Other related companies	833,112	960,740	309,810	504,933
	<u>4,570,789</u>	<u>5,869,702</u>	<u>13,637,398</u>	<u>9,894,477</u>
<b>Interest income</b>				
Subsidiaries	-	-	1,797,045	1,611,747
Associates and joint ventures	937,735	937,683	1,101	-
	<u>937,735</u>	<u>937,683</u>	<u>1,798,146</u>	<u>1,611,747</u>
<b>Dividend income</b>				
Subsidiaries	-	-	4,837,845	2,079,215
Associates and joint ventures	-	-	92,777	87,483
	<u>-</u>	<u>-</u>	<u>4,930,622</u>	<u>2,166,698</u>
<b>Other income</b>				
Subsidiaries	-	-	139,073	222,390
Associates and joint ventures	161,597	179,769	4,796	6,449
Other related companies	312	390	296	256
	<u>161,909</u>	<u>180,159</u>	<u>144,165</u>	<u>229,095</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**36 Related party transactions (continued)**

The following significant transactions and balances were carried out with related parties: (continued)

**ii) Purchases of goods and services**

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Purchase of goods and services</b>				
Subsidiaries	-	-	1,640,086	2,182,126
Associates and joint ventures	894,518	801,320	34,966	333,925
Other related companies	1,550,586	1,645,895	130,428	100,351
	<u>2,445,104</u>	<u>2,447,215</u>	<u>1,805,480</u>	<u>2,616,402</u>
<b>Purchase of fixed assets</b>				
Subsidiaries	-	-	56,086	4,207
Associates and joint ventures	4,102	-	4,102	-
Other related companies	136,051	161,334	20,891	18,899
	<u>140,153</u>	<u>161,334</u>	<u>81,079</u>	<u>23,106</u>

**iii) Outstanding balances arising from sales and purchases of goods, fixed assets and services**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	2,458,327	1,933,552
Associates and joint ventures	619,742	139,793	39,976	3,355
Other related companies	46,796	64,934	12,794	38,259
	<u>666,538</u>	<u>204,727</u>	<u>2,511,097</u>	<u>1,975,166</u>
<b>Accrued interest income - related parties</b>				
Subsidiaries	-	-	581,510	466,796
Associates and joint ventures <sup>(1)</sup>	901,213	656,590	305	-
	<u>901,213</u>	<u>656,590</u>	<u>581,815</u>	<u>466,796</u>
<b>Trade payables - related parties</b>				
Subsidiaries	-	-	501,459	495,736
Associates and joint ventures	278,618	227,433	8,166	31,910
Other related companies	52,977	56,852	1,064	-
	<u>331,595</u>	<u>284,285</u>	<u>510,689</u>	<u>527,646</u>

<sup>(1)</sup> As at 31 December 2018, accrued interest income due from associates and joint ventures in the consolidated financial information includes non-current portion presented as other non-current assets of Baht 450.45 million.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**36 Related party transactions (continued)**

The following significant transactions and balances were carried out with related parties (continued):

**iv) Loans to/from related parties**

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	14,103,884	7,452,933
Associates and joint ventures	170,850	69,870	170,850	-
	<u>170,850</u>	<u>69,870</u>	<u>14,274,734</u>	<u>7,452,933</u>

The movements of short-term loans to related parties during the year can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
As at 1 January	69,870	-	7,452,933	7,331,581
Additions	277,440	125,970	38,735,522	27,504,554
Transfers to long-term loan to related parties	-	-	(1,346,089)	-
Convert to investment	-	-	(487,123)	-
Repayments	(176,460)	(56,100)	(29,880,512)	(26,740,604)
Loss on exchange rates	-	-	(199,997)	(642,598)
As at 31 December	<u>170,850</u>	<u>69,870</u>	<u>14,274,734</u>	<u>7,452,933</u>

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	35,276,128	37,872,816
Associates and joint ventures	11,195,181	11,274,911	-	-
	<u>11,195,181</u>	<u>11,274,911</u>	<u>35,276,128</u>	<u>37,872,816</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**36 Related party transactions (continued)**

The following significant transactions and balances were carried out with related parties (continued):

**iv) Loans to/from related parties (continued)**

The movements of long-term loans to related parties during the year can be analysed as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	11,274,911	12,361,592	37,872,816	40,263,658
Additions	-	-	134,307	109,710
Transfers from short-term loan to related parties	-	-	1,346,089	-
Reclassification from trade and other receivables	-	-	-	-
- related parties	-	-	2,920	-
Repayments	-	-	(2,956,887)	(1,649,270)
Loss on exchange rates	-	-	(1,123,117)	(851,282)
Translation adjustment	(79,730)	(1,086,681)	-	-
As at 31 December	11,195,181	11,274,911	35,276,128	37,872,816
<b>As at 31 December</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Short-term loans from related parties</b>				
Subsidiaries	-	-	-	693,499
Associates and joint ventures	92,600	119,300	-	-
	92,600	119,300	-	693,499

The movements of short-term loans from related parties during the year can be analysed as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	119,300	77,000	693,499	923,957
Additions	115,950	155,970	8,333,609	6,678,394
Repayments	(142,650)	(113,670)	(8,966,645)	(6,905,979)
Gain on exchange rates	-	-	(60,463)	(2,873)
As at 31 December	92,600	119,300	-	693,499

**v) Directors and key management remuneration**

The compensation paid or payable to key management for employee services is shown below:

<b>For the years ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Short-term employee benefits	349,938	225,503	221,162	140,989
Post-employment benefits	36,892	24,116	9,302	9,959
Other long-term benefits	10,391	41,452	6,165	14,344
	397,221	291,071	236,629	165,292

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**37 Cash flows information**

**37.1 Cash flows from operating activities**

Reconciliation of net profit for the year to cash flows from operating activities:

For the years ended 31 December	Notes	Consolidated financial information		Separate financial information	
		2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Profit before income tax:</b>					
From continuing operations		4,488,680	6,681,888	10,783,819	3,139,534
From discontinued operation		(824,923)	(320,149)	-	-
Total		<u>3,663,757</u>	<u>6,361,739</u>	<u>10,783,819</u>	<u>3,139,534</u>
<b>Adjustment items:</b>					
Depreciation expenses	14	2,758,014	2,527,849	424,756	371,850
Amortisation expenses	15	230,900	232,965	52,686	31,876
Amortisation of discount/ premium from derivative contracts		163,748	(95,172)	159,017	(69,494)
(Reversal of) Allowance for doubtful accounts		(9,565)	(69,150)	11,005	76,504
(Reversal of) Allowance for diminution in value of inventories		489,954	174,788	29,407	(6,584)
Allowance for loss on impairment of assets		16,155	12,576	10,386	-
Allowance for loss on impairment of investment in a subsidiary	13	-	-	-	20,700
Allowance for loss on impairment of assets disposals group classified as held-for-sale		382,089	15,581	-	-
Employee benefit obligations	26	334,247	180,459	102,845	74,474
Loss on disposals of assets of disposals group classified as held-for-sale		-	185,871	-	-
Gain on sale of investments		(27,633)	(165,934)	(27,633)	(165,973)
Gain on sale of investment in an associate		(182,289)	-	(4,979,422)	-
(Gain) Loss on disposals and write-offs of property, plant and equipment and intangible assets, net		10,676	17,541	(7,294)	4,149
Share of profit from investments in associates and joint ventures	13	(263,170)	(456,329)	-	-
Loss on exchange rates		1,109,375	526,660	1,071,239	531,879
Dividend income		(6,800)	(31,408)	(4,937,371)	(2,198,089)
Finance costs		2,025,349	2,140,793	1,714,448	1,726,945
Interest income		(1,054,490)	(1,053,045)	(1,893,534)	(1,722,555)
Total		<u>5,976,560</u>	<u>4,144,045</u>	<u>(8,269,465)</u>	<u>(1,324,318)</u>

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**37 Cash flows information (continued)**

**37.1 Cash flows from operating activities (continued)**

Reconciliation of net profit for the period to cash flows from operating activities (continued):

For the years ended 31 December	Consolidated financial information		Separate financial information	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Changes in operating assets and liabilities:</b>				
(Increase) Decrease in trade and other receivables	(423,193)	150,999	(643,913)	(10,936)
(Increase) Decrease in inventories	3,351,501	(4,792,131)	879,497	(614,391)
(Increase) Decrease in other current assets	(53,807)	180,094	5,412	39,577
(Increase) Decrease in other non-current assets	144,409	(264,197)	7,532	15,987
Increase in trade and other payables	556,293	2,201,694	59,142	722,017
Increase (Decrease) in other current liabilities	145,565	(282,610)	(856)	(4,905)
Increase (Decrease) in other non-current liabilities	74,036	47,360	(14,820)	26,209
Cash paid for employee benefit obligations	(135,913)	(71,680)	(23,539)	(8,147)
<b>Total</b>	<b>3,658,891</b>	<b>(2,830,471)</b>	<b>268,455</b>	<b>165,411</b>
Profit before income tax	3,663,757	6,361,739	10,783,819	3,139,534
Adjustment items	5,976,560	4,144,045	(8,269,465)	(1,324,318)
Changes in operating assets and liabilities	3,658,891	(2,830,471)	268,455	165,411
Cash flows receipts from operations	13,299,208	7,675,313	2,782,809	1,980,627
Income tax paid	(433,245)	(857,544)	(9,922)	(12,221)
<b>Net cash receipts from operating activities</b>	<b>12,865,963</b>	<b>6,817,769</b>	<b>2,772,887</b>	<b>1,968,406</b>



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**37 Cash flows information (continued)**

**37.2 Reconciliation of liabilities arising from financing activities**

Reconciliation of liabilities arising from financing activities are as follows:

	Consolidated financial information				
	Short-term loans from financial institutions Thousand Baht	Short-term loans from related parties Thousand Baht	Long-term loans from financial institutions Thousand Baht	Debentures Thousand Baht	Finance lease liabilities Thousand Baht
<b>For the years ended 31 December 2018</b>					
Opening net book value	15,003,458	119,300	15,561,034	36,168,880	202,042
Cash flows	(1,805,911)	(26,700)	(815,426)	-	(47,953)
<b>Non-cash changes:</b>					
Additions	-	-	-	-	6,048
Amortisation of financing fees	-	-	16,737	-	-
Amortisation of issuance costs	-	-	-	11,038	-
Gain on exchange rates	(22,222)	-	(25,320)	(17,430)	-
Translation adjustment	(75,055)	-	(21,341)	-	(7,158)
Closing balance	13,100,270	92,600	14,715,684	36,162,488	152,979
	Consolidated financial information				
	Short-term loans from financial institutions Thousand Baht	Short-term loans from related parties Thousand Baht	Long-term loans from financial institutions Thousand Baht	Debentures Thousand Baht	Finance lease liabilities Thousand Baht
<b>For the years ended 31 December 2017</b>					
Opening net book value	36,660,393	77,000	1,728,058	26,917,034	290,747
Cash flows	(21,587,856)	42,300	14,104,479	9,500,000	(96,977)
<b>Non-cash changes:</b>					
Additions	-	-	-	-	7,056
Finance fees payments	-	-	(83,429)	-	-
Issuance costs	-	-	-	(22,144)	-
Amortisation of financing fees	-	-	15,385	-	-
Amortisation of issuance costs	-	-	-	10,638	-
(Gain) loss on exchange rates	29,052	-	(201,256)	(236,648)	-
Translation adjustment	(98,131)	-	(2,203)	-	1,216
Closing balance	15,003,458	119,300	15,561,034	36,168,880	202,042

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**37 Cash flows information (continued)**

**37.2 Reconciliation of liabilities arising from financing activities (continued)**

Reconciliation of liabilities arising from financing activities are as follows (continued):

	Separate financial information				
	Short-term loans from financial institutions Thousand Baht	Short-term loans from related parties Thousand Baht	Long-term loans from financial institutions Thousand Baht	Debentures Thousand Baht	Finance lease liabilities Thousand Baht
<b>For the years ended 31 December 2018</b>					
Opening net book value	5,240,280	693,499	14,870,975	36,168,880	20,080
Cash flows	(1,429,722)	(633,036)	(779,620)	-	(7,278)
<b>Non-cash changes:</b>					
Amortisation of financing fees	-	-	16,737	-	-
Amortisation of issuance costs	-	-	-	11,038	-
Gain on exchange rates	(21,482)	(60,463)	(29,360)	(17,430)	-
Closing balance	3,789,076	-	14,078,732	36,162,488	12,802
	Separate financial information				
	Short-term loans from financial institutions Thousand Baht	Short-term loans from related parties Thousand Baht	Long-term loans from financial institutions Thousand Baht	Debentures Thousand Baht	Finance lease liabilities Thousand Baht
<b>For the years ended 31 December 2017</b>					
Opening net book value	28,638,929	923,957	1,542,851	26,917,034	32,321
Cash flows	(23,407,687)	(227,585)	13,597,800	9,500,000	(12,241)
<b>Non-cash changes:</b>					
Finance fees payments	-	-	(83,429)	-	-
Issuance costs	-	-	-	(22,144)	-
Amortisation of financing fees	-	-	15,385	-	-
Amortisation of issuance costs	-	-	-	10,638	-
(Gain) loss on exchange rates	9,038	(2,873)	(201,632)	(236,648)	-
Closing balance	5,240,280	693,499	14,870,975	36,168,880	20,080

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**38 Commitments and contingent liabilities**

**38.1 Capital commitments**

The Group and the Company had capital commitments as at the statement of financial position date but not recognised in the financial statements as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land purchase agreement	Rupiah 48,500 million	-	-	-
Factory, building and warehouse construction agreements	Baht 583 million - EUR 12 million	Baht 167 million USD 1 million EUR 3 million	- - -	- - -
Purchase of machinery and equipment agreements	Baht 246 million - EUR 1 million	Baht 168 million USD 1 million EUR 3 million	Baht 23 million - -	Baht 2 million - -

**38.2 Guarantees**

- As at 31 December 2018, there were outstanding bank guarantees of Baht 29 million (2017: Baht 31 million) issued on behalf of the Company in the normal course of business.
- As at 31 December 2018, there were outstanding bank guarantees of Baht 92 million, USD 2 million, EUR 2 million, NOK 7 million, and PLN 1 million (2017: Baht 91 million, USD 2 million, EUR 3 million, NOK 6 million, and PLN 1 million) issued on behalf of the subsidiaries in the normal course of business.
- As at 31 December 2018, there was an outstanding letter of guarantee of USD 13 million (2017: USD 13 million) issued on behalf of a subsidiary to a financial institution to secure credit facilities of a subsidiary of the Group's joint venture.
- As at 31 December 2018, there were outstanding bank guarantees of EUR 21 million, CAD 9 million, and CNY 6 million (2017: EUR 22 million, CAD 8 million, and CNY 6 million) issued on behalf of the Company to secure credit facilities of its subsidiaries.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**38 Commitments and contingent liabilities (continued)**

**38.3 Operating lease commitments**

The Group leases land, machinery, vehicles, computers, office space and equipment under operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand	2017 Thousand	2018 Thousand	2017 Thousand
Not later than 1 year				
- THB	217,864	168,770	144,062	107,967
- USD	3,290	2,554	251	173
- EUR	4,208	3,443	-	-
- NOK	1,860	750	-	-
- CAD	4	4	-	-
- GBP	262	-	-	-
Later than 1 year but not later than 5 years				
- THB	461,283	367,998	347,529	289,623
- USD	8,021	7,761	489	326
- EUR	4,432	5,216	-	-
- NOK	5,690	-	-	-
- CAD	10	13	-	-
- GBP	630	-	-	-
Later than 5 years				
- THB	131,496	68,683	125,235	64,921
- USD	1,959	3,364	-	-
- EUR	594	62	-	-
- NOK	1,315	-	-	-

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**38 Commitments and contingent liabilities (continued)**

**38.4 Litigation**

**Tri-Union Seafoods LLC (Tri-U)**

On 15 July 2015, Tri-U was served with a subpoena from the United States Department of Justice (DOJ) concerning a DOJ antitrust investigation into the packaged seafood industry. Tri-U is fully cooperating with the government, including producing documents and other evidence responsive to the subpoena. Tri-U has been granted conditional leniency by the DOJ which means that, provided Tri-U continues to fully cooperate with the DOJ, neither the company nor any cooperating executives or employees will face prosecution or penalties. The DOJ investigation is ongoing.

Tri-U has also been named as a defendant in several separate civil class actions and direct civil actions (“Civil Actions”). The plaintiffs are various retailers, grocery stores, and consumers that allegedly purchased packaged seafood products from Tri-U and other named defendants. The Civil Actions allege a conspiracy to fix, raise, maintain, and/or stabilize prices for packaged seafood products within the United States, in violation of Sections 1 and 3 of the Sherman Antitrust Act (15 U.S.C. §§ 1, 3) and in violation of various state antitrust, consumer protection, deceptive trade practices and unfair competition statutes. Plaintiffs seek to recover damages.

During the second quarter of 2018, Tri-U reached resolution of the antitrust claim brought by one of its largest retail clients in the Civil Actions. Tri-U paid a cash settlement and will participate in a series of joint programs and new product promotions, including innovative product launches across the retailer’s stores. In addition, Tri-U has reached agreements to settle claims brought by a coalition of various other retailers. Based on these agreements, Tri-U has estimated the total settlements costs for all Civil Cases, which was recorded during the second quarter, of USD 42.6 million.

**John West Foods Limited (JWF)**

On 2 January 2018, JWF has been notified of the intention of the UK Crown Prosecution Service to prosecute JWF for alleged offences of conducting business directly connected to IUU fishing imported from Ghana for the period between 2012 and 2014. A first hearing of JWF before the Magistrates Court in Tyne & Wear occurred on 26 January 2018. JWF is contesting these actions and is presently unable to predict their probable outcome of these matters.

In addition, there are certain entities under Thai Union Europe Group which are under review by their tax authorities. The subsidiaries has been cooperating with their local tax authorities. The result has not been finalised. However, the management does not expect any significant impact to the Group.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**39 Financial instruments**

Fair value of financial derivatives are set out as below:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Assets</b>				
Foreign currency forward contracts	783,656	854,011	684,750	563,955
Interest rate swap contracts	-	20,615	-	-
Cross currency and interest rate swap contracts	1,276,914	1,888,653	1,276,914	1,888,653
	<u>2,060,570</u>	<u>2,763,279</u>	<u>1,961,664</u>	<u>2,452,608</u>
<b>Liabilities</b>				
Foreign currency forward contracts	122,166	236,576	65,100	63,112
Option contracts	2,790	19,325	-	306
Interest rate swap contracts	56,153	9,943	-	-
Cross currency and interest rate swap contracts	436,807	530,698	436,807	530,698
	<u>617,916</u>	<u>796,542</u>	<u>501,907</u>	<u>594,116</u>
<b>Assets (Liabilities), net</b>	<u>1,442,654</u>	<u>1,966,737</u>	<u>1,459,757</u>	<u>1,858,492</u>

**39.1 Foreign currency forward contracts and option contracts**

**Foreign currency risk**

The Group's and the Company's exposures to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group and the Company seek to reduce this risk by entering into foreign currency forward contracts and option contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currencies of the Group are summarised below.

Foreign currency As at 31 December	Financial assets		Financial liabilities		Average exchange rate	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
EUR	489,407	499,976	77,021	144,271	37.13	39.03
USD	1,348,219	1,136,368	509,975	528,251	32.45	32.68
JPY	89,834	109,278	27,470	398,670	0.29	0.29
NOK	21,273	6,038	87,428	33,900	3.70	3.96
GBP	84,133	69,384	46,786	48,332	41.07	43.99
SEK	5,870	2,214	138	4,526	3.60	3.96
PLN	234,616	249,457	119,096	129,569	8.64	9.34
CZK	2,399	6,235	727	2,272	1.44	1.53
GHS	27,490	3,820	172,624	2,363	5.53	5.44
CNY	27,571	17,918	61,764	9,051	4.72	5.01



### 39.1 Foreign currency forward contracts and option contracts (continued)

The Group and the Company had outstanding forward contracts as summarised below.

As at 31 December 2018					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought amount	Sold amount	
<u>The Company</u>					
USD	1	764	32.41 Baht against USD	30.79 - 33.58 Baht against USD	January 2019 - December 2019
JPY	-	216	-	0.29 - 0.30 Baht against JPY	June 2019 - December 2019
EUR	-	217	-	37.49 - 48.45 Baht against EUR	March 2019 - December 2022
GBP	-	10	-	41.52 - 44.74 Baht against GBP	February 2019 - December 2019
<u>Subsidiaries</u>					
USD	2	265	32.60 - 33.12 Baht against USD	31.77 - 33.19 Baht against USD	January 2019 - June 2019
JPY	-	227	-	0.29 - 0.30 Baht against JPY	June 2019 - January 2020
AUD	-	6	-	23.31 - 24.18 Baht against AUD	April 2019 - September 2019
USD	27	-	0.82 - 0.86 EUR against USD	-	February 2019 - December 2019
USD	20	-	0.71 - 0.79 GBP against USD	-	January 2019 - December 2019
USD	-	2	-	3.75 - 3.79 PLN against USD	January 2019 - December 2019
USD	3	-	6.84 - 6.85 CNY against USD	-	January 2019 - August 2019
EUR	39	-	0.90 - 0.92 GBP against EUR	-	January 2019 - December 2019
EUR	-	1	-	9.76 - 9.89 NOK against EUR	March 2019 - December 2019
NOK	397	-	0.10 EUR against NOK	-	January 2019 - July 2019
NOK	5	-	0.09 GBP against NOK	-	January 2019 - December 2019
PLN	2	-	0.23 EUR against PLN	-	January 2019 - March 2019
PLN	2	-	0.27 USD against PLN	-	March 2019 - June 2019
THB	7	-	0.21 CNY against THB	-	

Thai Union Group Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

39 Financial instruments (continued)

39.1 Foreign currency forward contracts and option contracts (continued)

The Group and the Company had outstanding forward contracts as summarised below (continued).

As at 31 December 2017						
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date	
			Bought amount	Sold amount		
The Company						
USD	27	321	32.58 - 33.29 Baht against USD	32.38 - 34.10 Baht against USD	January 2018 - April 2019	
JPY	-	370	-	0.31 Baht against JPY	September 2018	
EUR	-	271	-	38.96 - 48.45 Baht against EUR	March 2018 - December 2022	
GBP	-	20	-	43.73 - 44.24 Baht against GBP	June 2018 - December 2018	
Subsidiaries						
USD	28	326	32.42 - 33.17 Baht against USD	32.28 - 34.96 Baht against USD	January 2018 - September 2018	
JPY	-	12	-	0.29 Baht against JPY	December 2018	
EUR	-	1	-	38.29 - 39.13 Baht against EUR	March 2018 - July 2018	
AUD	-	17	-	24.49 - 26.15 Baht against AUD	June 2018 - December 2018	
USD	40	-	0.82 - 0.84 EUR against USD	-	January 2018 - January 2019	
USD	39	-	0.74 - 0.76 GBP against USD	-	January 2018 - December 2018	
USD	-	22	-	3.58 - 3.65 PLN against USD	January 2018 - December 2018	
EUR	56	-	0.73 - 0.92 GBP against EUR	-	January 2018 - December 2018	
EUR	-	1	-	9.46 - 9.57 NOK against EUR	January 2018 - December 2018	
NOK	477	-	0.10 - 0.11 EUR against NOK	-	January 2018 - January 2019	
NOK	1	-	0.09 GBP against NOK	-	January 2018 - December 2018	
PLN	2	-	0.24 EUR against PLN	-	January 2018 - December 2018	
PLN	9	-	0.28 USD against PLN	-	May 2018 - August 2018	

As at 31 December 2018, the Group had outstanding option contracts with special conditions with financial institutions under which they had obligations and to buy amounts of NOK 9 million at rates of EUR 0.11 per NOK 1 (2017: buy amounts of NOK 54 million at rates of EUR 0.11 per NOK 1). These agreements will expire within January 2019.

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**39 Financial instruments (continued)**

**39.2 Interest rate swap contracts**

The details of outstanding interest rate swap contracts as at 31 December 2018 and 31 December 2017 are as follows:

The Company

The Company had no outstanding interest rate swap contracts as at 31 December 2018 and 31 December 2017.

Subsidiaries

As at 31 December 2018 and 31 December 2017				
	Principal amount	Interest Revenue Rate Swap agreements	Interest Expense Rate Swap agreements	Termination date
1	EUR 22 million	Floating rate 3-month EURIBOR	Fixed rate 0.37%	October 2021
2	EUR 50 million	Floating rate 3-month EURIBOR	Fixed rate 0.18%	December 2022
3	EUR 100 million	Floating rate 3-month EURIBOR	Fixed rate 0.18%	December 2022
4	EUR 22 million	Floating rate 3-month EURIBOR	Fixed rate 0.10%	December 2022

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**39 Financial instruments (continued)**

**39.3 Cross currency and interest rate swap contracts**

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2018 and 2017 are as follows:

The Company

As at 31 December 2018					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 4,106 million	Fixed rate 2.32%	EUR 97 million	-	December 2019
2	USD 50 million	Floating rate 3-month USDLIBOR plus 1.00%	Baht 1,769 million	Floating rate 6-month THBFIX plus 0.80%	September 2021
3	Baht 2,050 million	Floating rate 6-month THBFIX plus 1.26%	EUR 50 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
4	Baht 1,647 million	Floating rate 6-month THBFIX plus 1.26%	EUR 40 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
5	Baht 80 million	Floating rate 6-month THBFIX plus 1.33%	EUR 2 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
6	EUR 27 million	Floating rate 3-month EURIBOR plus 2.10%	PLN 118 million	Floating rate 3-month WIBOR plus 3.38%	October 2021
7	Baht 1,066 million	Fixed rate 0.70%	EUR 27 million	Fixed rate 0.73%	October 2021
8	Baht 976 million	Floating rate 6-month THBFIX plus 1.80%	USD 30 million	Fixed rate 3.70%	June 2022
9	Baht 737 million	Fixed rate 2.88%	USD 23 million	Fixed rate 3.30%	June 2022
10	Baht 573 million	Fixed rate 2.88%	USD 18 million	Fixed rate 3.30%	June 2022
11	Baht 1,089 million	Floating rate 6-month THBFIX plus 2.15%	EUR 27 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
12	Baht 656 million	Fixed rate 4.53%	EUR 17 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
13	Baht 233 million	Fixed rate 3.69%	EUR 6 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
14	Baht 505 million	Fixed rate 3.30%	USD 14 million	Fixed rate 3.96%	June 2025
15	Baht 1,452 million	Fixed rate 3.05%	USD 40 million	Fixed rate 3.98%	June 2025
16	Baht 426 million	Fixed rate 3.68%	USD 13 million	Fixed rate 3.96%	June 2025
17	Baht 488 million	Fixed rate 4.00%	USD 15 million	Fixed rate 3.96%	January 2026
18	USD 75 million	Fixed rate 3.66%	Baht 2,529 million	Fixed rate 3.66%	April 2026

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**39 Financial instruments (continued)**

**39.3 Cross currency and interest rate swap contracts (continued)**

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2018 and 2017 are as follows (continued):

The Company (continued)

As at 31 December 2017					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
1	Baht 614 million	Floating rate 3-month THBFIX minus 0.06%	USD 20 million	Fixed rate 1.54%	June 2018
2	USD 14 million	Floating rate USDLIBOR plus 0.92%	Baht 442 million	Fixed rate 4.00%	July 2018
3	Baht 4,106 million	Fixed rate 2.32%	EUR 97 million	-	December 2019
4	Baht 2,428 million	Floating rate 3-month THBFIX plus 3.56%	USD 70 million	Fixed rate 5.10%	October 2020
5	Baht 2,433 million	Floating rate 3-month THBFIX plus 3.50%	USD 70 million	Fixed rate 5.10%	October 2020
6	Baht 2,780 million	Floating rate 3-month THBFIX plus 3.50%	USD 80 million	Fixed rate 5.10%	October 2020
7	Baht 3,475 million	Floating rate 6-month THBFIX plus 3.50%	USD 100 million	Fixed rate 5.10%	October 2020
8	Baht 1,911 million	Floating rate 6-month THBFIX plus 3.49%	USD 55 million	Fixed rate 5.10%	October 2020
9	USD 50 million	Floating rate 3-month USDLIBOR plus 1.00%	Baht 1,769 million	Floating rate 6-month THBFIX plus 0.80%	September 2021
10	Baht 2,050 million	Floating rate 6-month THBFIX plus 1.26%	EUR 50 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
11	Baht 1,647 million	Floating rate 6-month THBFIX plus 1.26%	EUR 40 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
12	Baht 80 million	Floating rate 6-month THBFIX plus 1.33%	EUR 2 million	Floating rate 3-month EURIBOR plus 1.38%	October 2021
13	EUR 29 million	Floating rate 3-month EURIBOR plus 2.10%	PLN 125 million	Floating rate 3-month WIBOR plus 3.38%	October 2021
14	Baht 1,134 million	Fixed rate 0.70%	EUR 29 million	Fixed rate 0.73%	October 2021
15	Baht 976 million	Floating rate 6-month THBFIX plus 1.80%	USD 30 million	Fixed rate 3.70%	June 2022

**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**39 Financial instruments (continued)**

**39.3 Cross currency and interest rate swap contracts (continued)**

The details of outstanding cross currency and interest rate swap contracts as at 31 December 2018 and 2017 are as follows (continued):

The Company (continued)

As at 31 December 2017					
	Currency and Interest Revenue Rate Swap agreements		Currency and Interest Expense Rate Swap agreements		Termination date
	Principal amount	Interest rate	Principal amount	Interest rate	
16	Baht 737 million	Fixed rate 2.88%	USD 23 million	Fixed rate 3.30%	June 2022
17	Baht 573 million	Fixed rate 2.88%	USD 18 million	Fixed rate 3.30%	June 2022
18	Baht 1,089 million	Floating rate 6-month THBFIX plus 2.15%	EUR 27 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
19	Baht 656 million	Fixed rate 4.53%	EUR 17 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
20	Baht 233 million	Fixed rate 3.69%	EUR 6 million	Floating rate 3-month EURIBOR plus 3.15%	January 2023
21	Baht 505 million	Fixed rate 3.30%	USD 14 million	Fixed rate 3.96%	June 2025
22	Baht 1,452 million	Fixed rate 3.05%	USD 40 million	Fixed rate 3.98%	June 2025
23	Baht 426 million	Fixed rate 3.68%	USD 13 million	Fixed rate 3.96%	June 2025
24	Baht 488 million	Fixed rate 4.00%	USD 15 million	Fixed rate 3.96%	January 2026
25	USD 75 million	Fixed rate 3.66%	Baht 2,529 million	-	April 2026

**40 Promotional privileges**

The Company received promotional privileges from the Office of the Board of Investment (“BOI”) for the production of processed and semi-processed food in seal containers, ready-to-eat frozen meals, frozen aquatic animals and pet food in seal containers. Under these privileges, the Company has received exemption from certain taxes and duties as detailed in the certificate including exemption from corporate income tax for a period of 8 years from the date of commencement of earning promoted revenue. As a promoted industry, the Company is required to comply with the terms and conditions as specified in the promotional certificates.

The Company’s revenue classified by BOI and Non-BOI promoted activities (revenue from Non-BOI business included non-exemption from the promotional privileges on corporate income tax and revenue after the exemption period) are as follows:

For the years ended 31 December	BOI promoted activities		Non-BOI promoted activities		Total	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Domestic sales	2,931,669	3,709,801	1,695,686	1,832,226	4,627,355	5,542,027
Export sales	14,306,277	16,077,247	7,420,149	565,924	21,726,426	16,643,171
Total revenue from sales	17,237,946	19,787,048	9,115,835	2,398,150	26,353,781	22,185,198



**Thai Union Group Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

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**41 Events after the reporting period**

**Dividend**

On 20 February 2019, the Board of Directors' meeting of the Company passed the resolution to propose to the Annual General Meeting of the Company that will be held in April 2019, to pay a dividend of Baht 1,909 million from its net operating profit for the year 2018. However, by the resolution of the Company's Board of Directors held on 6 August 2018, the Company paid out the interim dividend of Baht 0.25 per share from operating profit for the six-month period ended 30 June 2018, to the Company's shareholders totaling Baht 1,193 million on 3 September 2018. The remaining dividend of Baht 0.15 per share or totaling Baht 716 million will be paid on 23 April 2019.



## **Thai Union Group Public Company Limited**

### **HEAD OFFICE**

72/1 Moo 7, Sethakit 1 Road, Tarsrai Sub-district,  
Muang Samut Sakhon District, Samut Sakhon Province 74000 Thailand

**Tel:** +66 (0) 3481-6500 (Automatic 7 Lines)

**Fax:** +66 (0) 3481-6886

### **BANGKOK OFFICE**

979/12 M Floor, S.M. Tower, Phaholyothin Road,  
Phaya Thai, Phaya Thai, Bangkok 10400 Thailand

**Tel:** +66 (0) 2298-0024, +66 (0) 2298-0537- 41

**Fax:** +66 (0) 2298-0548, +66 (0) 2298-0550

**[thaiunion.com](http://thaiunion.com)**