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บริษัท เชียงใหม่ฟรอสเซนฟู้ดส์ จำกัด (มหาชน)

149/34 ซอยแองโกลพลาซ่า ถนนสุรวงศ์ แขวงสุริยวงศ์ เขตบางรัก กรุงเทพฯ 10500

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED.

149/34 Soi Anglo Plaza Surawongse Rd., Suriyawongse, Bangrak, Bangkok 10500 Thailand

Tel : (662) 634-0061-4, 238-4091 Fax : (662) 238-4090

Attachment 5

## Board of Company's Report

To: Shareholders of Chiangmai Frozen Foods Public Company Limited

Board of Company are responsible toward separate financial statements and consolidated financial statements of the company and subsidiary company and financial information that appeared in the form of annual data (type 56-1) and/or 2014 annual report. Such financial statements have managed according to the generally accepted auditing standards in Thailand by selecting to use appropriate account policy and holds practice regularly. The Company used carefully discretion and reasonably estimated in management of financial statements inclusive having disclosed important data sufficiently in notes to financial statements.

Board of Company are fully aware an important of work execution under business ethics principle and good corporate governance, the company then appoints Board of Director (small board), consists of Board of Executives, Board of Audit Committee, Board of Nomination and Remuneration Committee, Board of Corporate Governance Committee and Board of Risk Management Committee in order to allow these small boards to perform duty of corporate governance, advise management section to execute work under the laws frame, basis, discipline and practical point that are present of an organization that perform duty of corporate governance and arrange to have internal inspection section and efficient internal control system to ensure that accounting data is correct, having usage the company resources efficiently and capable to know its weak point in order to protect not to raise corruption and damage toward the business with important essence, having efficient management system under appropriate risk on business for sustainable and securely growth.

Board of Company realizes fully an important of misconduct protection in organization. Therefore, the resolution in the Board of Company Meeting No. 4/2013 on November 11, 2013, had resolved the company to show intentional to join an operation in misconduct resistant and in the Board of Company Meeting no. 1/2015 on February 26, 2015 resolved to consent the policy of misconduct and corruption resistant in writing in order to allow directors, executives and officials to hold practice of misconduct and corruption resistant to incur form and appearance earnestly.



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Board of Company still pay an important toward good practical on society, community, environment and stakeholders equally. Therefore, Board of Company then formulate the role, duty burden and responsibility of directors, executives and company officials that have to treat the shareholders, customers, co-trader, creditors, officials, competitors, society, community and environments in the business ethics principle of the company in order to allow the directors, executives and officials of the company to hold for practice to incur equality, transparent, justice and help together to promote development of society, community and environments to have strong, live together in sustainable and happy.

In the cycle year of 2014, Board of Company had gather 4 times of Board of Director Meeting and had performed duty together completely in its capacity as director and realize fully on efficient renovation in performing duty to get better and better continuously, then had made self-assessment of Board of Director which was an assessment of yearly result. For result assessment of annual 2014, sum up the results overall that effective in performing duty of Board of Company were in a good basis.

(Mr. Prayoon Pholpipattanaphong)

Chairman

February 26, 2015

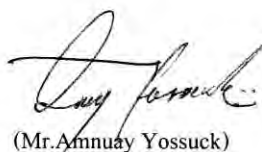
### Clarification of Chairman of the Audit Committee

#### To : The Shareholders ;

As the Board of Company has resolved to nominate the Board of Audit Committee which comprise three independent non-executives directors, namely Mr. Amnuay Yossuck as Chairman of the Board of Audit Committee, Mr. Ampon Ruayfupant and Miss Darunee Ruangtham as Audit Committee to perform the duties assigned from the Board of Company which is according to the provision of The Stock Exchange of Thailand.

During the year 2014, the Board of Audit Committee conducted 4 meetings by inviting Auditors, Management and Internal Auditor. The significant tasks could be summarized as follows :

1. Reviewed the Financial Statements quarterly and Annual Financial Statements of 2014 and adequately listen the clear explanations and report from the Management and Auditor in related subject, therefore, the Audit Committee were of a same opinion with the External Auditors that said quarterly annual financial statements were correct in essence in conformity with the generally accepted accounting principles.
2. Reviewed the disclosure of connected and related information between the company, subsidiary company and concerned company and it was of opinion that such related information were adequately and correctly disclosed.
3. Reviewed the compliance with the laws and regulation of Securities and Stock Exchange and related laws with the company business and not found any point in the matter of not acting in accordance with the law of Securities and Securities of Stock Exchange and related laws with the company business.
4. Promoted the independence of internal audit operation, agreeing with annual internal audit plan and reviewing to have the adequacy and effective internal control system and risk management, evaluate to have the adequacy of internal control system accordance with guideline of The Securities and Exchange Commission (SEC) that are factor of Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities. In summary, The Board of Audit Committee reviewed and determined that to have the adequacy and effective internal control system and risk management and found no significant weakness of control that may have adverse impact.
5. Considered to propose the Board of Company for asking approval to appoint Auditor and audit fee for annual 2015 by proposing Auditor of AST Master Office who is independence and approved by the office of SEC.



(Mr. Amnuay Yossuck)

Chairman of Audit Committee

February 24, 2015





9 March 2015

The Board of Directors  
Chiangmai Frozen Foods Public Company Limited

Subject : Internal Control Report

Dear Sirs:

We have audited the financial statements of Chiangmai Frozen Foods Public Company Limited as of 31 December 2014 in accordance with generally accepted auditing standards as indicated in the audit report dated 26 February 2015. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. During the auditing process, we have studied and appraised the efficiency of the company's accounting internal audit deemed necessary to set the well-conceived and appropriate auditing procedure. We do not find any material weakness in the accounting internal control which will significantly affect the opinion on the financial statement as at 31 December 2014.

We also would like to notify that the audit was not done for all accounts, but only by testing. Furthermore, the study and appraisal of the efficiency of the accounting internal control was done on the purposes specified prior. We, therefore, may not specify absolute assurance that there are no misstatements weakness in the internal auditing control.

We would like to thank all officers of the company for their sincere cooperation during the operation.

Yours sincerely,



(Mr. Pradit Rodloytuek)  
Certified Public Accountant  
Registration No.218



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

Corporate Social Responsibility

# CSR

# CM



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## Corporate Governance Policy

The Company values the importance of good corporate governance which is a supportive factor for the business to be conducted fairly, transparently, and equally among all stakeholders. Good corporate governance results in an efficient management system. Its purpose is to establish a stable and sustainable business. Subsequently, the Company has designated the Committee of Corporate Governance to supervise the activities to ensure constant compliance with corporate governance policy. The Committee will also have to monitor and evaluate the outcome of policy implementation and revise the policy to be always appropriate, follow up and improve the practice to comply with a good corporate governance conduct for a standardized business operation.

### *Corporate Philosophy*

**Maximum satisfaction of the customers**

**is**

**the maximum aspiration of us.**

### *Vision*

**We are committed to be the leader in frozen and processed agricultural products.**



## Corporate Governance Policy

### *Mission*

- ❖ The Company is committed to develop and supply quality, fresh, clean, and chemical-free vegetables, and deliver the products to the customers in a timely manner.
- ❖ The Company is committed to make a good investment return by strictly following the principle of good corporate governance.

### *Business target*

- ❖ The Company treats all the shareholders and stakeholders equally and fairly.
- ❖ The Company will always keep risk factors in mind and manage the risk appropriately
- ❖ The Company will create leadership in all levels and promote happy and safe working environment.

## Corporate Governance Policy

- ❖ The Company will develop a good relationship with the society and the community, and intend to protect the environment.
- ❖ The Company will create a quality corporate and aim for a corporate of learning.
- ❖ The Company will act against corruption of all types.
- ❖ The Company will not violate human rights and not support the business that does so.





## CSR Policy in Process

### CSR Policy in Process

#### ● **Salary, remuneration, and welfare management**

The Company strictly follows a fair principle of paying the remuneration suitable for cost of living. It has stipulated the wage not lower than required by labor law. Salary is based on employee's knowledge and ability. The Company also hires people with physical disabilities and provides employees with loans and welfares such as the yearly physical examination, provident fund, uniform, and medical insurance.

#### ● **Human rights and fair treatment of labor**

The company understands the importance of protection of human dignity, rights and freedoms of individuals. It does everything to ensure that its business conduct is not related to human rights violation and child labor. All employees are treated equally and they have a channel to report/claim to their supervisors or top management under protection and confidentiality.

#### ● **Employees' Development**

The company has human resource development for employees at all levels. This policy is aimed to train supervisors to be good at thinking process, decision making, and systemic work, so that they can be role model for other employees. The Company also provides the opportunities for the subordinates to improve their performance such as work training, work improvement, mentoring, and seminar training. All these are implemented to achieve the Company's business target of being the corporate of learning.

#### ● **Participation in developing the society and the community**

The Company encourages employees to participate in social and environmental activities. It has the policy that requires the employees to show their power to do good deeds, repay and help the society and local community regularly. They are motivated to volunteer for the sake of public and committed to do good things, and follow the principle of sufficiency economy.



## ***Message from the Chairman of Board of Directors***

Since the founding, the Company has grown and become a public company. Through the course of business, the Company follows the principle of honesty, fairness, examinable, and legal conduct. Giving equal weight to every aspect of business, the Company has never stopped developing its corporate to become the leading frozen agricultural and processed product, hoping to create stability for all groups of stakeholders and the society as a whole.

**Mr. Prayoon Pholpipattanaphong**

**Chairman of Board of Directors**



## Message from the Managing Director

**CM** conducts its business with responsibility for the society and all groups of stakeholders.

The operation has constantly developed both production process and service. Furthermore, the employees are keys to our success as reflected in the slogan “**Company’s employees are an essential resource**”. Sustainable development can be possible with cooperation from every employee. The Company encourages its employees to be good persons by providing knowledge to staff of all levels to be good individuals for the society and the corporate. Regarding the environment, the Company requires all internal activities to conform to applicable laws. In social respect, the Company has participated in many activities with nearby communities. Most of the activities are about conserving good traditions of people in the North where the factory is situated. This is to make the corporate and the community developed together in harmony.

**Mr. Prapas Pholpipattanaphong**

**Managing Director**







## About the Company

Chiangmai Frozen Foods Plc. has the head office situated at No.149/32-34 Soi Anglo Plaza, Surawongse Road, Bangrak District, Bangkok 10500. The Company was first founded in 1988 with the authorized capital of 50 million baht. In 1989, the first factory was built in Nong Jom Sub-District, Sansai District, Chiangmai, operating the business of production and export of frozen fruits and vegetables. The products in the early time included pigeon pea, green bean, baby corn, mixed vegetables, and frozen fruits. In 1993, Chiangmai Frozen Foods was registered in the Stock Exchange of Thailand as listed securities, traded under the name of CM and became a public limited company in 1995. In 2003, the Company built an additional cold storage next to the second factory to support the increased production capacity. As of today, the authorized capital is 381 million baht and has introduced a new product: frozen sweet corn.

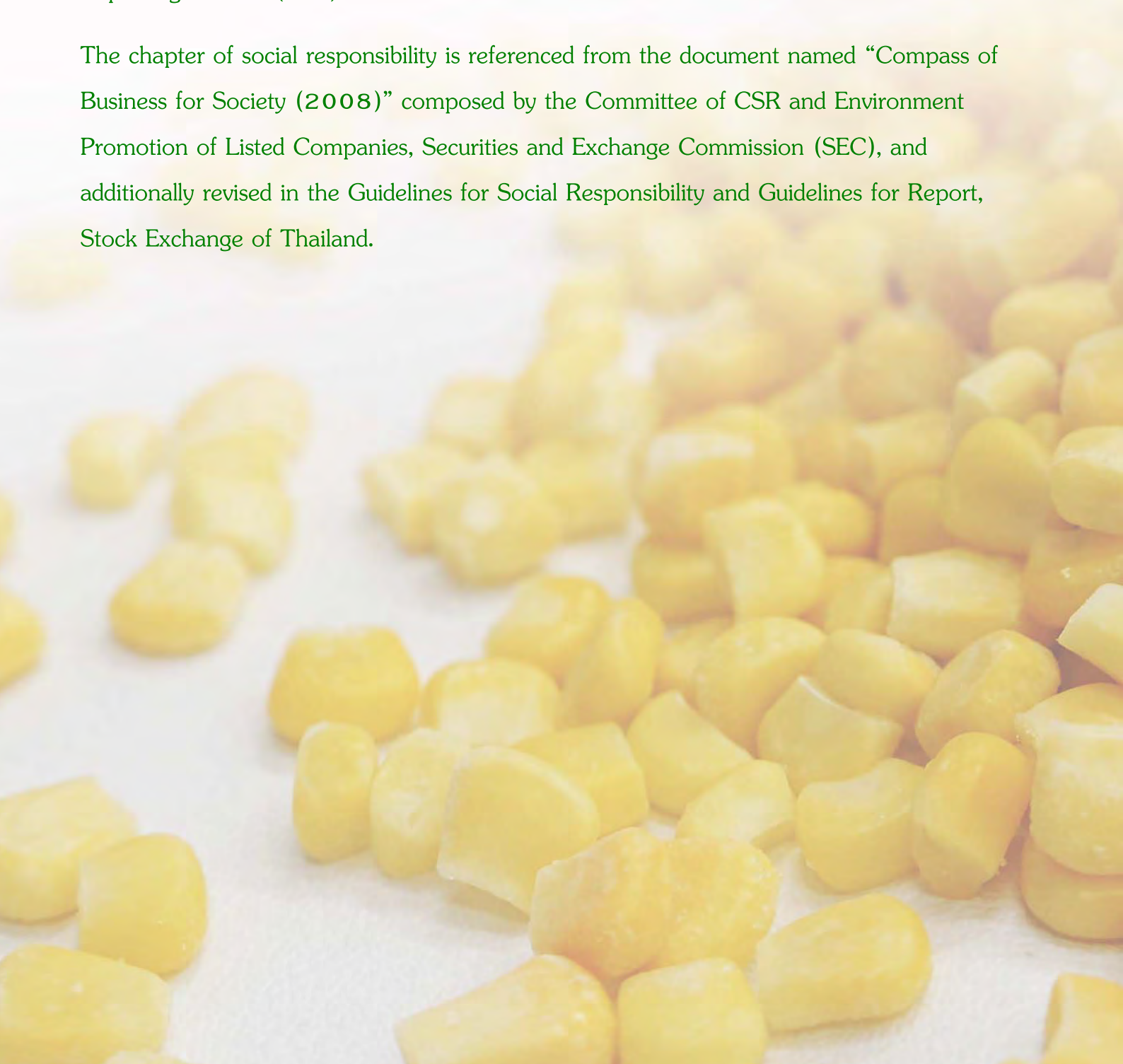




## About this Report

The CSR CM Report is made according to Integrated CSR Reporting Framework Version 2 by Thaipat Institute as the academic organization supporting business CSR mechanism to comply with CRS report making as required by Capital Market Supervisory Board. It has to also agree with the national standard for sustainability reporting framework by the Global Reporting Initiative (GRI) and integrated reporting framework by the International Integrated Reporting Council (IIRC).

The chapter of social responsibility is referenced from the document named “Compass of Business for Society (2008)” composed by the Committee of CSR and Environment Promotion of Listed Companies, Securities and Exchange Commission (SEC), and additionally revised in the Guidelines for Social Responsibility and Guidelines for Report, Stock Exchange of Thailand.



## Our Stakeholders

| Our Stakeholders           | Relationship  | Expectation   |
|----------------------------|---|---|
| Company's contract farmers | Grow the agricultural products and supply to the factory with conditions                        | Clear and fair conditions, full and timely payment                              |
| Employees                  | Operate the production and related services of the Company                                      | Appropriate wage and welfares, participation, human rights, and work safety     |
| Business partners          | Sell product and provide related services of the Company  | Full and timely payment, fair and ethical conduct, and stable operation         |
| Competitors                | Operate the business similar to or the same as the Company's                                    | Fair competition and no intellectual property infringement                      |
| Customers                  | Buy the Company's products  | Good quality product, timely delivery, fair prices, and transparent transaction |
| Shareholders               | Hold the Company's shares   | Security and truthful data, and satisfying return from investment               |
| Government agencies        | Supervise and coordinate activities related to Company's business as government representatives | abidance by the law, no claims  |
| Community/Society          | People who live near the Company location and may be affected both directly and indirectly      | Supports and environmental safety and cooperated development                    |



## Campaigns and Activities as CSR Policy in Process

### Fair & Integrity Business Conduct

**CM** realizes the importance fair and integrity business conduct and good governance.

They are both important factors for transparent, ethical, and fair treatment of all groups.

- All the purchases from the major business partners are well selected. Both parties show mutual commitment to make legal transaction and comply with Thai Labor Standard TIS 18001:2553.



- Agricultural produce which is the main raw material in the business is purchased from contract farmers. The contract farmers are regarded as a group of stakeholders. There is a meeting to inform them about purchase condition. The price guarantee will make the contract farmers feel certain in their operation as they will be able to sell to the factory and receive sure money. The Company also provides supports in term of farm inputs. Each year, there are over 15,000 households joining the contract farming in the North. It is career stability for them.



## Anticorruption

**CM** has the ethics to have a fair and integrity business conduct and complies with the law. Committed to transparency and CSR, the Company treats all stakeholders fairly with the principle of good governance and business ethics. CM is against all kinds of corruptions. Therefore, in 2013, the Company joined “the alliance of Thai private sectors against corruptions” and established a written “anticorruption policy” to set the clear guideline for business conduct and aim for sustainable corporate.

**“Board of Directors, directors, or employees are prohibited from any act of corruptions for the sake of themselves, their family, friends, and acquaintances, both directly and indirectly, whether as the receiver, giver, or offering party of cash or noncash to/from government or private agencies that the Company makes a transaction with or contact with. Besides, they have to strictly comply with anticorruption policy. Failure to do so is subject to punishment by the Company or by law if applicable.”**

## Human Rights

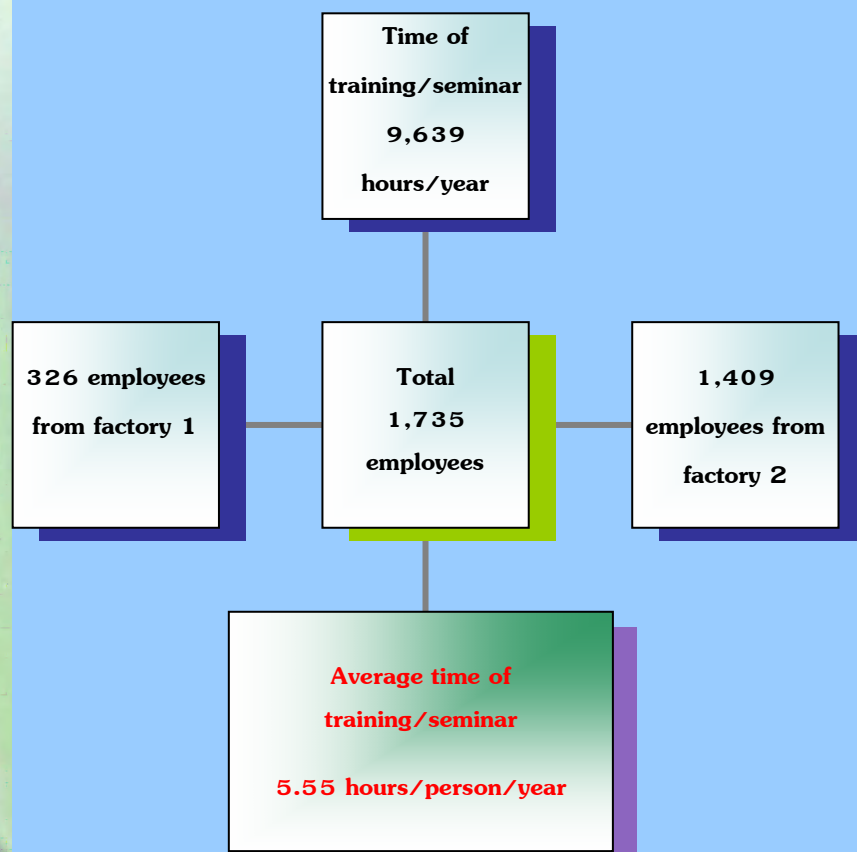
**CM** respects basic rights of the employees. They are free to join any social activities that are not against the law and regulations of the Company. They are allowed to express their opinion for improvement and development thought the Company’s many channels including opinion boxes and meeting at sub-departments. This is a way all levels of staff can communicate. People with physical disabilities are employed to work in a function suitable for their abilities and potentials. CM has announced labor policy and commitment in treatment of labor according to law. It has also participated in drafting Thai Labor Standard TIS 18001:2553 and treated the employees accordingly.



## Fair Treatment of Labor

**CM** values all employees as the most valuable resources. The growth of the Company is from their hard work. Therefore, the CM has established the policy for employee responsibility, expecting to provide them with respect, rights, and legal protection as well as recommended by the customers.

**CM** considers all employees valuable resources. So the Company develops them in all level both staff and operation. In 2014, CM provided the training courses as explained in detail below:





**CM** emphasizes work safety for all employees by organizing Safety Walk Activity. In this activity, the representatives of each work function take a plant tour to assess the unsafe conditions and working behaviors. The results of the survey will be discussed in the meeting to find the solutions every month. In 2014, the Company had the statistics of accident that cause production downtime more than 3 days, or 2.2 persons/1,000 persons.

- Create among employees the awareness of good persons for the society and the family. The Company encourages employees to wear safety helmet while riding, and cooperates with Road Accident Victims Protection Co., Ltd. to educate them.



- To keep the employees from drugs, the Company together with Sansai District Office randomly checked the employees for drugs and sent the drug positive employees to get rehab and training. In 2014, drugs were found in 14 employees. They were sent for training at Khun Nen Military Camp in Mae Rim District for 9 days. After the training, they were monitored and given with consults to become good members of the society and the family in the future.

- The Company has run the Friends Help Friends activity so that the employees have the volunteer spirit and help other employees in case of accident in which case the victims might be helpless. It will help create unity among the employees.



**CM** thinks that working continuously may make the employees stressful. During the year, the Company holds the activity to create good friendship among employees and staff from different department. In 2014, the following activities were implemented.

- Happy Birthday
- Antidrug Sport Activity
- Fun Week Activity



To maintain good cultures and traditions, the Company organizes the Northern New Year activity and pouring water on the elderly's head according to tradition of the North where the factory is situated.



There is also the food offering to monk on auspicious occasions. The Company facilitated the activity by inviting and picking the monks up to perform the ceremony at the factory.





## Consumer Responsibility

CM gives so much important in examining the product quality for the safety of customers. It all starts with choosing the right raw material, random check of residual chemicals in soil and water, grow the plants according to good agricultural practice (GAP) and random check for residual chemicals in the raw material received from contract farm before using in the production factory. Every production process in checked to ensure that the products are safe. Product descriptions are clearly specified in the packaging in the language of the target customer, adequately as required by law. In addition, the Company has started production certified by quality systems such as GMP, HACCP, ISO 22000, and FSSC 22000, to guarantee that the products are safe.





## Environment Care

**CM** takes environment as one of the top priorities that need urgent consideration so that the business does not affect the environment and the community. The used water is treated at the wastewater treatment facility according to the standard. The Company has wastewater treatment plant for low BOD water (known as AS or Activated sludge) and high BOD water (known as ABR or Anaerobic Baffled Reactor). A by-product of wastewater treatment is biogas which can be used for power generators for some departments. In 2014, the Company generated 47,209.8 Kw and, by that, saved 179,397.24 baht.



**CM** is aware of air pollution by ensuring that the steam boilers are working effectively and not emitting the pollutions higher than specified by law.

2/2

| รายการตรวจวัด  | ผลการตรวจวัด    | มาตรฐาน * | ผลการเปรียบเทียบ |
|--|-----------------|-----------|------------------|
|  | Boiler No.2     |           |                  |
| เชื้อเพลิงที่ใช้                                       | น้ำมันเตาเกรด C | -         | -                |
| เส้นผ่านศูนย์กลาง (cm)                                 | 30              | -         | -                |
| ความสูง (m)  | 12              | -         | -                |
| อุณหภูมิ (°C)  | 92              | -         | -                |
| ความเร็วลมเฉลี่ย (m/sec)                               | 6.10            | -         | -                |
| ความชื้นสัมพัทธ์ (%RH)                                 | 1.30            | -         | -                |
| ค่าความทึบแสงของเขม่าควัน (Opacity) ** (%)             | 5               | 10        | ผ่าน             |
| Total Suspended Particulate (TSP) (mg/m <sup>3</sup> ) | 99.50           | 240       | ผ่าน             |
| Sulfur dioxide (SO <sub>2</sub> ) (ppm)                | 281.50          | 950       | ผ่าน             |
| Nitrogen dioxide (NO <sub>2</sub> ) (ppm)              | 5.10            | 200       | ผ่าน             |
| Carbon monoxide (CO) (ppm)                             | 90.55           | 690       | ผ่าน             |



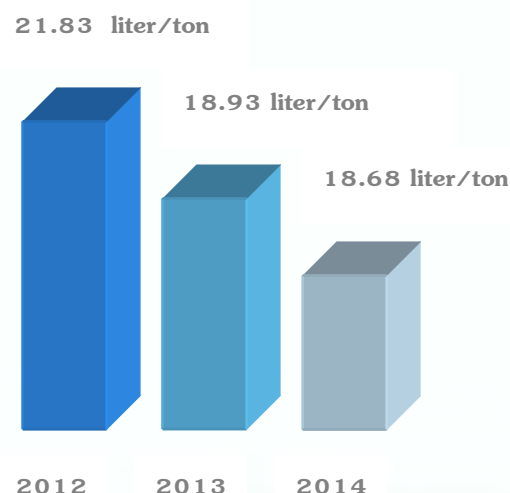
**CM** also prioritizes energy management. Most of the energy is used for production of sweet corn. The Company keeps monitoring the energy consumption. It is successful reducing the volume of fuel oil per production unit respectively.

21.83 liters/ton of raw material in 2012

18.93 liters/ton of raw material in 2013

18.68 liters/ton of raw material in 2014

or 3.15 or 14.43% in 3 years



Fuel oil consumption

**CM** also evaluates its carbon footprint with B2B approach for salted pigeon pea to improve the process in the future. The results showed that it releases 784 grams of greenhouse gas per 400 gram of product.



## Community and Social Activities

At the time of founding the Company and the factory in 1991, the factory was far from the community. As time goes by, the community has expanded and is now close to the factory from almost every side. The factory is a part of the community and has joined the community activities for harmonious living together. The Company promotes the youths and develops them to be knowledgeable, able, and strong. Some of the activities the Company joined the community are:





**Students' onsite study**

**Join Children's Day activities**

**At the municipal near the factory every year**

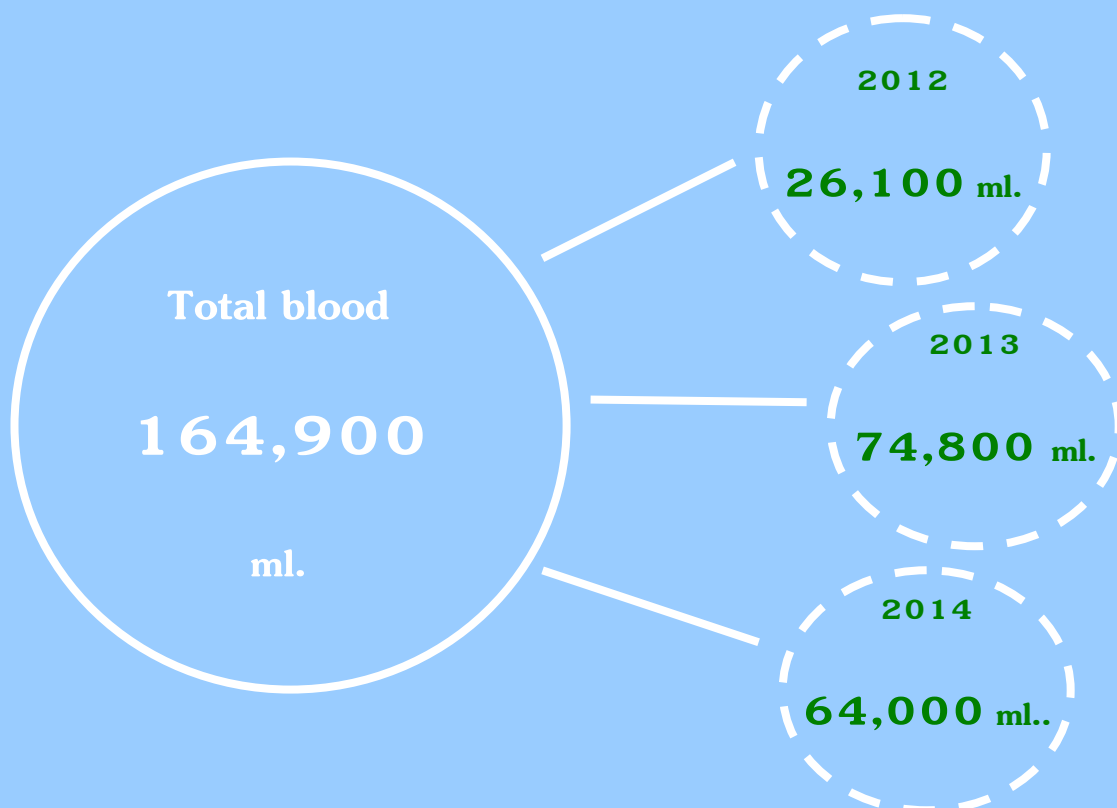


**Making merit on special religious occasions**





**Blood donation at National Blood Center in Chiangmai**





## Other Activities

- Donate for **Loi Krathong Festival** at Ban Pong San Pa Sak, Nong Jom Sub-district
- Sponsor **Special Charity** at Ban Pa Mueat School, Chiangmai
- When there are too much agricultural produce in the southern border provinces, the Company and **Lansium Demesticum Fruit Distribution from Farmers Project** distributed the product to sell outside of the area and sell to the employees for a higher price for the sake of farmers.
- Sponsor “Happy Biking” Activity done by Chedi Mae Khrua Municipal in Sansai District, Chiangmai
- Sponsor **National Labor Day** in Chiangmai

