

# 2017

## SUSTAINABILITY REPORT

Thai Union Group  
Public Company Limited

CHANGING SEAFOOD  
FOR GOOD



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

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<b>INTRO</b>	ABOUT THIS REPORT	LETTER FROM OUR CEO	THAI UNION AT A GLANCE	SUSTAINABILITY AT THAI UNION	SAFE AND LEGAL LABOR	RESPONSIBLE SOURCING	RESPONSIBLE OPERATIONS	PEOPLE AND COMMUNITIES	PERFORMANCE SUMMARY	GRI CONTENT INDEX AND UNGC COP
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# OUR VISION

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

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## 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.

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# 01 ABOUT THIS REPORT

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This report details our 2017 performance against key performance indicators and targets outlined in our sustainability strategy, SeaChange®.

G4-18

## ABOUT THIS REPORT

This is the fifth sustainability report that Thai Union has made publicly available. This report details our annual performance from January through December 2017 against key performance indicators and targets outlined in our sustainability strategy, SeaChange®. Our previous report, Sustainability Report 2016, was issued in June 2017.

To make our annual sustainability reports and data more accessible, we will continue publishing it in an increasing range of formats. In addition to a traditional print version and online version, we will continue to make the report available as an eBook and on Kindle.

This report was prepared in accordance with the Global Reporting Initiative (GRI) Guidelines version G4 and its Food Processing Sector Supplement (FPSS). The report conforms to the GRI Guidelines at the “Core” option.

In keeping with the intent of the GRI Guidelines, we have focused on four key elements of the G4 approach.

### PRINCIPLES FOR DEFINING REPORT CONTENT

Determining the content of this report began by understanding the impacts of our value chain on different stakeholders, including suppliers, customers, governments, local communities and civil society. Next, we engaged external experts and our global leadership team for their insights. The report addresses items of significant interest to stakeholders important to Thai Union’s business strategy. In conducting the analysis of internal and external environments, we abided by the four GRI G4 principles: sustainability context, materiality, completeness and stakeholder inclusiveness.

Thai Union conducts a formal materiality assessment on a regular basis to identify and prioritize our primary sustainability issues. These issues reflect Thai Union’s significant economic, environmental and social impacts, as well as our stakeholders’ interests. Our materiality assessment process is detailed in the Material Issues section of this report.



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## DEFINING REPORTING QUALITY

The G4 Guidelines define reporting quality through a set of quality aspects: balance, comparability, accuracy, timeliness, clarity and reliability. We have taken numerous actions to meet these:

- We continue to improve the quality of information in our sustainability reports and we publish them in a timely manner, so our stakeholders can effectively integrate the information in their decision making.
- We value the opinion of our stakeholders, including employees, local communities and interest groups, non-governmental organizations, customers, suppliers and contractors. In preparing our report, we listen and respond to stakeholder feedback to help ensure the information we report is balanced and reliable.
- We are moving toward more efficient and effective operations with minimum adverse social and environmental impacts along the entire value chain.

As a participant in the United Nations (UN) Global Compact, this report also serves as our annual Communication on Progress (COP) to stakeholders. The COP reports our progress in implementing the Ten Principles of the UN Global Compact within our sphere of influence as well as our progress in supporting the environmental and social responsibilities of the broader UN Sustainable Development Goals (SDGs). The report's content has been reviewed and approved by the leadership of relevant business units at Thai Union and our Sustainability Committee.

## TRACE MY REPORT

Traceability is the backbone of sustainability. With full traceability in place, it will enable Thai Union to identify, investigate and improve upon key issues in our supply chain from catch to consumption.

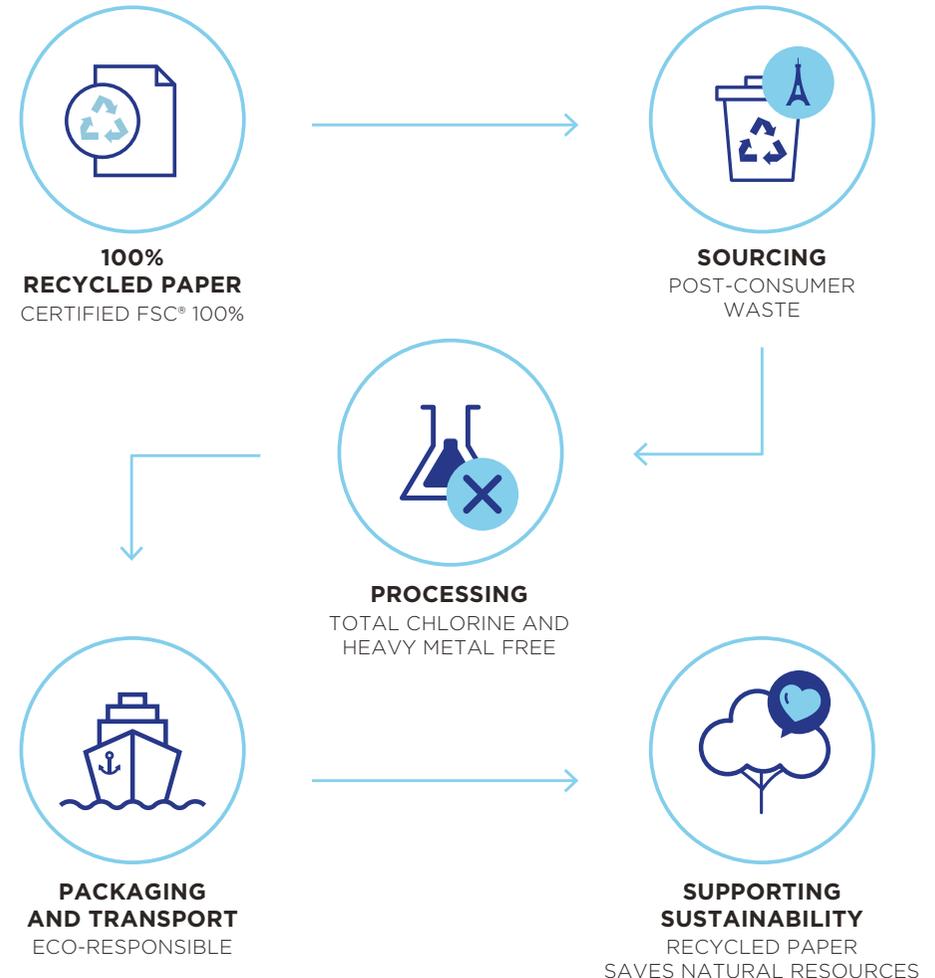
Because traceability is so important, Thai Union is now introducing “Trace My Report” in the company’s 2017 Sustainability Report. To learn more about how the print version of this report was produced, visit [www.seachangesustainability.org/trace-my-report](http://www.seachangesustainability.org/trace-my-report).

### RECYCLED PAPER

Certified FSC® 100 percent recycled and made entirely from post-consumer fiber.

### SOURCING

The post-consumer waste was mainly collected from office recycling bins in and around Paris to produce recycled pulp before manufacturing. The sorted waste was collected by recycling specialists and organizations which sort various types of paper according to whiteness and composition. It was then sent in bales to the Greenfield Plant, a sorted office waste paper recycling plant in Château-Thierry, to produce recycled pulp before being manufactured at the Bessé-sur-Braye Mill located at Bessé-sur-Braye, southwest of Paris.



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## PROCESSING

The report is total chlorine and heavy metal free. The recycled waste paper underwent cleaning loops designed to effectively de-ink the paper without the use of chlorine. The process complies with new REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances) European Community Regulation, created to enhance protection of human health and environment from the risks which can be posed from chemicals. No substance classified as carcinogenic, mutagenic or reprotoxic is used as raw materials. One ton of post-consumer waste paper can be used as raw material to produce as much as 650 kg of recycled pulp.

## ECO-RESPONSIBLE PACKAGING AND TRANSPORT

The majority of the packaging material used, such as ream wrapper, shrink film or plastic banding, is recyclable. The paper was transported in accordance to the paper manufacturer's (Arjowiggins Graphic) eco-responsible policy, optimizing logistics and with consideration of environmental issues, i.e. minimizing distances between raw material, mills and customers, encouraging eco-driving to decrease fuel consumption, shifting volumes to rail and sea transport wherever possible.

## SUPPORTING SUSTAINABILITY

The lifecycle of recycled paper can be repeated 4-5 times before the cellulose fibers which form a sheet of paper become too short for papermaking. Recycled paper supports sustainability in a number of ways:

- Reduces wood consumption: using 1 ton of recycled paper can save equivalent to 1,500 kg of wood;
- Uses less energy: using 1 ton of recycled paper can save equivalent to 2,115 kWh of electricity;
- Produces lower carbon emissions: using 1 ton of recycled paper can save equivalent to 124 kg CO<sub>2</sub>;
- Uses less water: using 1 ton of recycled paper can save equivalent to 36,000 liters of water;
- Reduces waste to landfill: using 1 ton of recycled paper can save equivalent to 923 kg of landfill;
- Recycling creates up to 10 times more jobs in comparison to sending waste to landfill.

The use of 100 percent recycled paper supports Thai Union's packaging commitment to ensure 100 percent of our branded packaging is reusable,

recyclable or compostable by 2025, by supporting the development of markets for recycled product to close the recycling loop.



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# 02 LETTER FROM OUR CEO

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Today, more than ever, Thai Union has fully embraced our role as a leader for positive change.

**“WE FIRMLY POSITION SUSTAINABILITY AT THE HEART OF OUR BUSINESS STRATEGY WITH SEACHANGE<sup>®</sup>, A STRATEGIC APPROACH DESIGNED TO TRANSFORM THE WAY THE INDUSTRY OPERATES WORLDWIDE.”**



## LETTER FROM OUR CEO

This year represented a very important milestone for Thai Union as we celebrated our 40<sup>th</sup> anniversary. From very humble beginnings, Thai Union was fortunate to experience extraordinary growth and success. Now we are a global seafood leader supplying household brands around the world.

However, becoming a global business means increased global responsibilities—particularly regarding sustainable development. It is clear

sustainability issues facing the seafood and fishing industry have changed dramatically since our founding 40 years ago.

Global fish consumption has risen significantly. It is a rich source of easily digested and high-quality protein, providing essential nutrients and vitamins for billions. Countless families around the world depend upon the oceans for their economic livelihoods. Furthermore, modern consumers want to know where

the food on their plates come from and desire to have the confidence it meets the highest quality and sustainability standards.

Industry, governments, NGOs and other stakeholders must come together to meet the protein needs of the global population in a way that is sustainable and protects our oceans now and for future generations; confirms workers are safe, legally employed and empowered; and ensures vessels are legal and operate responsibly.

Today, more than ever, Thai Union has fully embraced our role as a leader for positive change. We firmly position sustainability at the heart of our business strategy with SeaChange®, a strategic approach designed to transform the way the industry operates worldwide.

**“I am incredibly proud of our sustainability efforts in 2017. And the world took notice, too.”**

We consider SeaChange® a journey covering every aspect of the 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 our communities.

Thai Union’s 2017 Sustainability Report outlines how we are fulfilling our mission to be the world’s most trusted seafood leader, through four key programs within SeaChange®:

- Safe and Legal Labor
- Responsible Sourcing
- Responsible Operations
- People and Communities

I am incredibly proud of our sustainability efforts in 2017. And the world took notice, too.

Thai Union was named to the Dow Jones Sustainability Index Emerging Markets for the fourth straight year with industry Best-in-Class 100<sup>th</sup> percentile rankings for Climate Strategy, Materiality, Human Capital Development, Health and Nutrition, Water Related Risks, and Policy Influence.

Building upon SeaChange®, Thai Union entered into a joint agreement with Greenpeace to commit to more sustainable, socially responsible seafood—acknowledging a shared vision for healthy seas now and for future generations.

Thai Union made progress on our tuna commitment to source 100 percent of our branded tuna from fisheries that are Marine Stewardship Council (MSC) certified or engaged in Fishery Improvement Projects (FIPs). This entails a commitment to invest USD \$90 million in initiatives to increase the supply of sustainable tuna, including 11 new FIPs.

We committed to the World Economic Forum’s Tuna 2020 Traceability Declaration, which supports the United Nations Sustainable Development Goals (SDGs). We also signed a groundbreaking pledge as part of our membership in the Seafood Business for Ocean Stewardship to improve operations, challenging the rest of the seafood industry to follow, all with the goal of helping the world achieve the SDGs.

Additionally, Thai Union launched an innovative digital traceability pilot program. We successfully installed marine terminals on fishing vessels in Thailand, while

the crew members, captains and fleet owners were trained on chat applications that enable them to connect with their families and peers around the world while at sea—an industry first for Thai fisheries.

These represent only a few highlights of our recent sustainability successes, all of which would not be possible without the hard work and dedication of Thai Union’s employees around the world. As our company looks toward the next 40 years, I fully expect our people to remain at the forefront of the industry as leading agents of change.

On behalf of the entire Thai Union team, I invite you to read this report and learn how we are changing seafood for good.

Sincerely,



**Thiraphong Chansiri**  
Chief Executive Officer  
Thai Union

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# 03 THAI UNION AT A GLANCE

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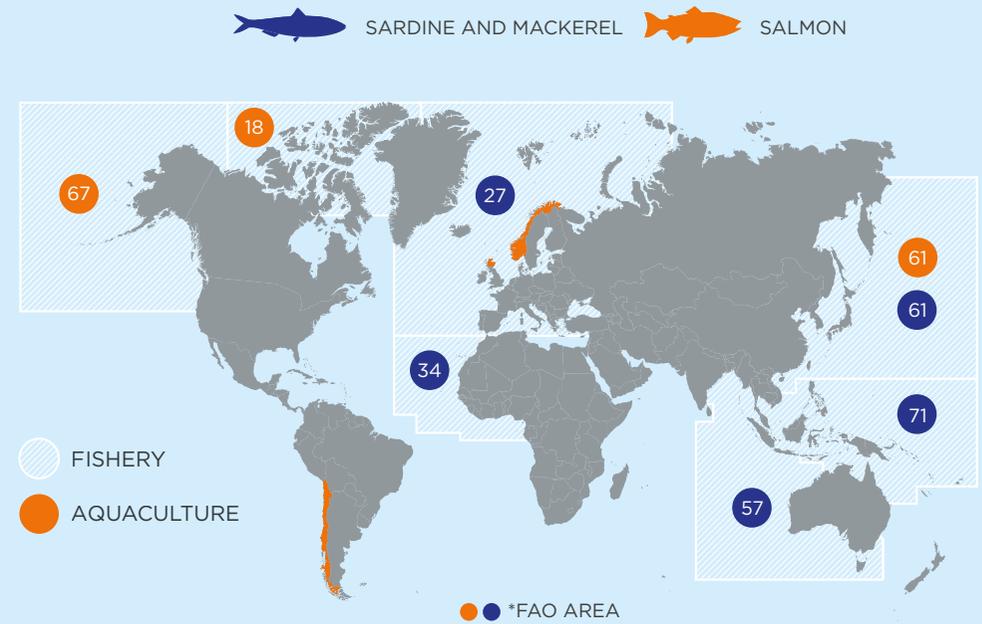
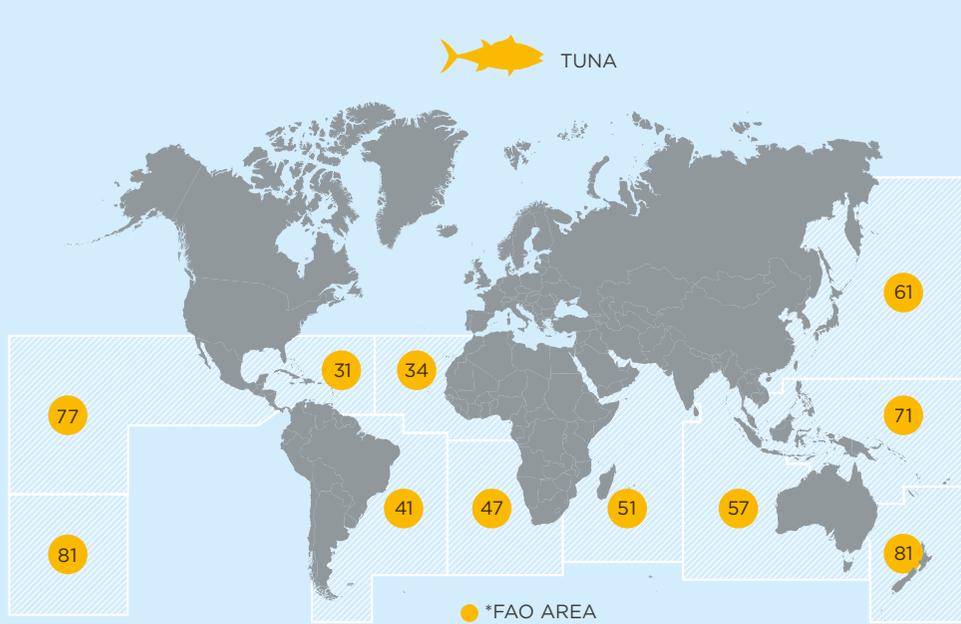
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Thai Union is a global seafood leader with ambitious growth goals and a dedication to sustainability and innovation.

# SEAFOOD SOURCING LOCATIONS



\*Reference: [www.fao.org/fishery/area/search/en](http://www.fao.org/fishery/area/search/en)

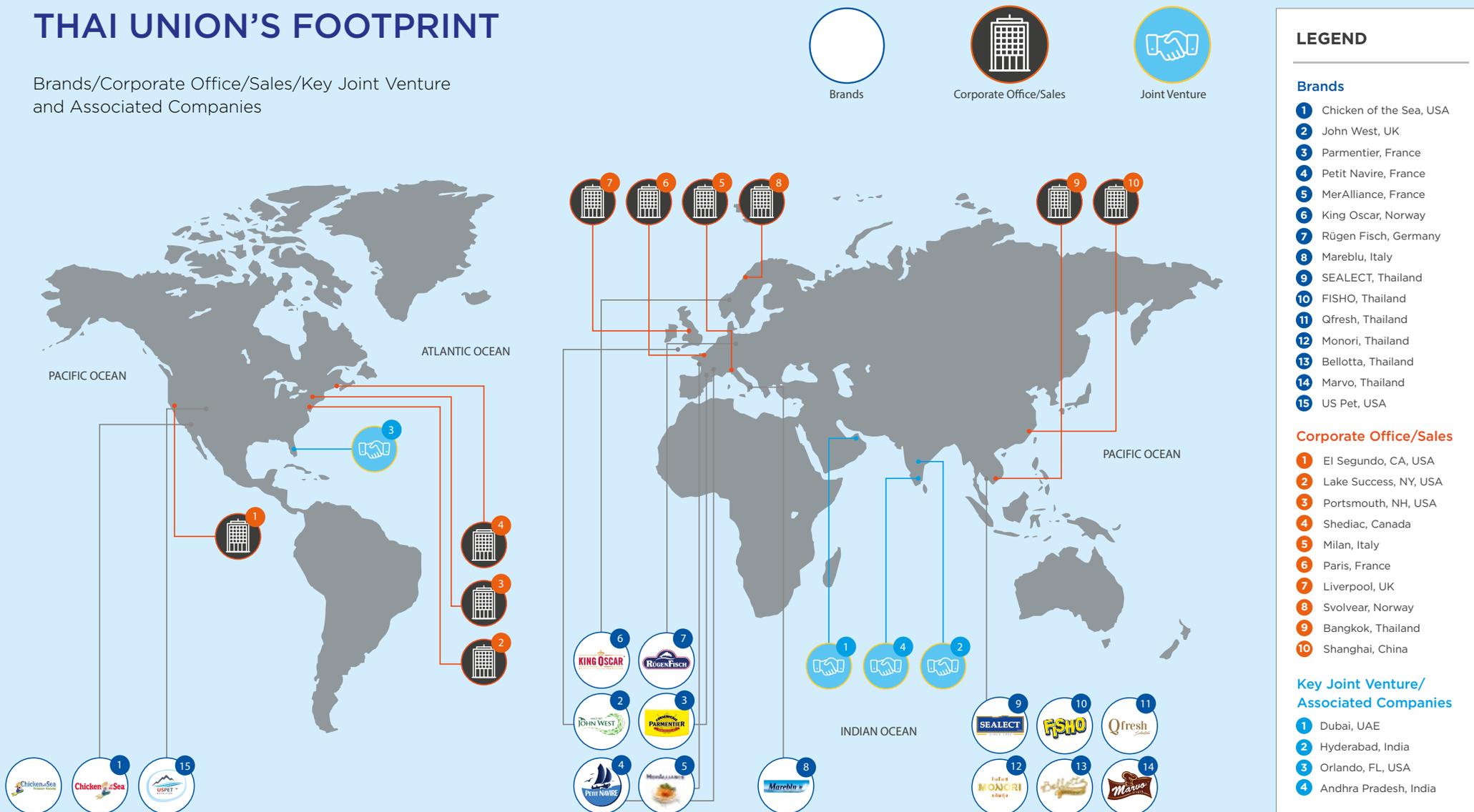
# SEAFOOD SOURCING LOCATIONS



\*Reference: [www.fao.org/fishery/area/search/en](http://www.fao.org/fishery/area/search/en)

# THAI UNION'S FOOTPRINT

Brands/Corporate Office/Sales/Key Joint Venture and Associated Companies



# THAI UNION'S FOOTPRINT

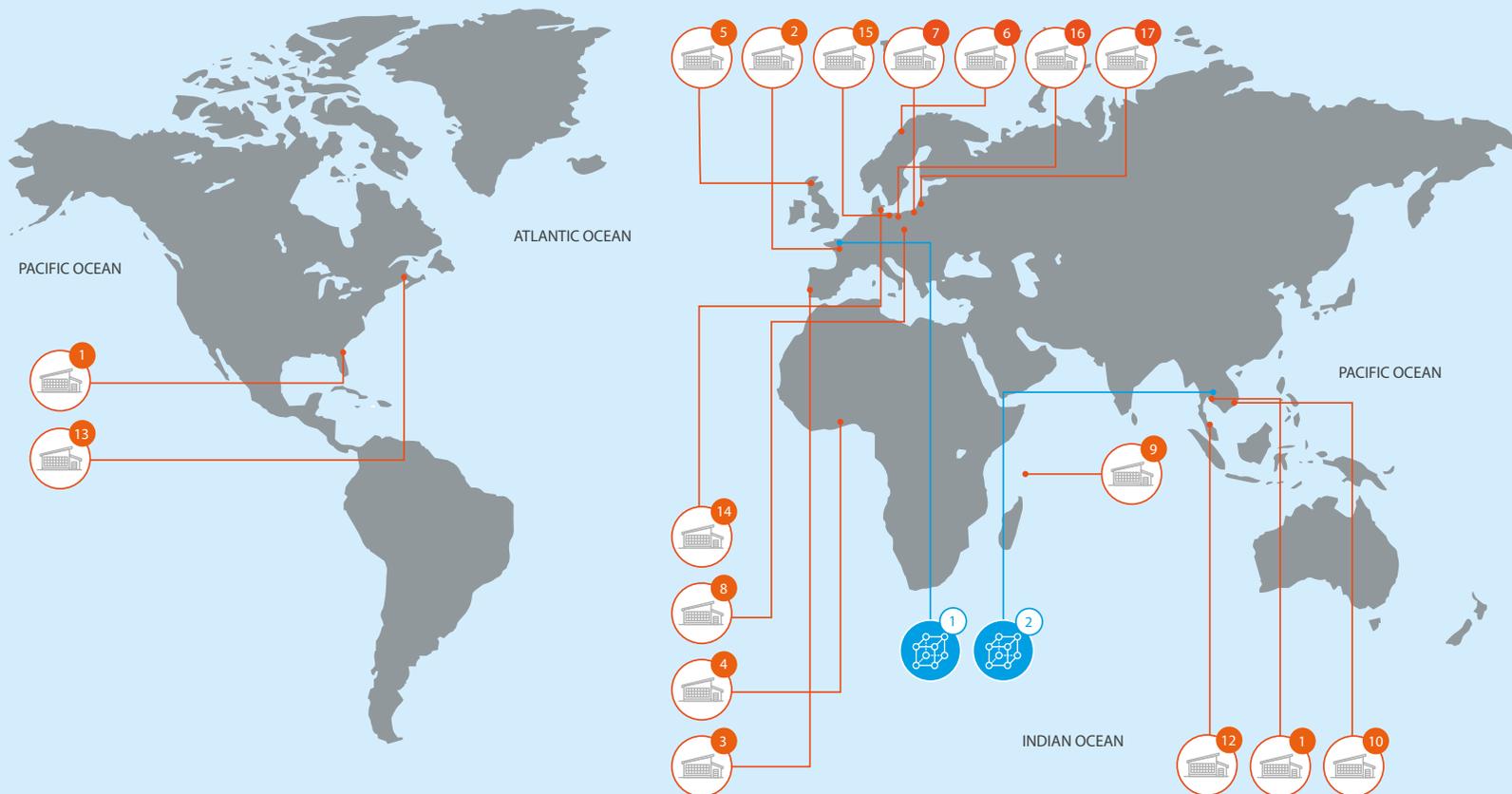
Production Location/Innovation Center/  
R&D Center



Production Location



Innovation Center/R&D Center



## LEGEND

### Production Location

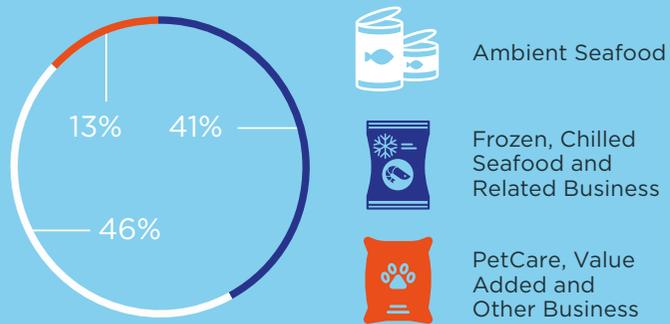
- 1 Lyons, Georgia
- 2 Quimper, France
- 3 Peniche, Portugal
- 4 Tema, Ghana
- 5 Dingwall, UK
- 6 Svolvær, Norway
- 7 Gniewino, Poland
- 8 Bydgoszcz, Poland
- 9 Mahé, Seychelles
- 10 Long An, Vietnam
- 11 Samut Sakhon, Thailand
- 12 Songkhla, Thailand
- 13 New Brunswick, Canada
- 14 Lübeck-Schlutup,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

### Innovation Center/ R&D Center

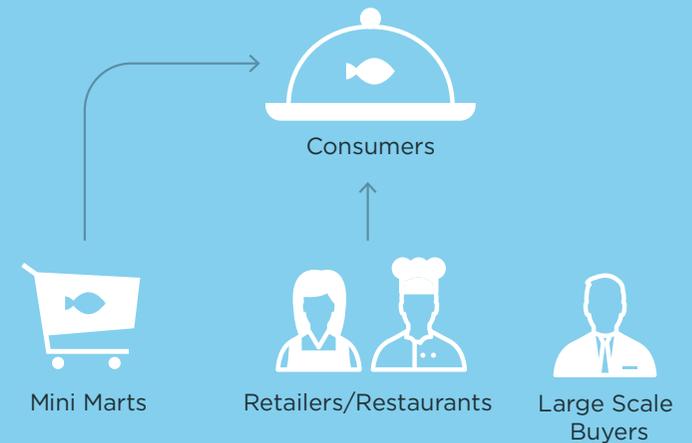
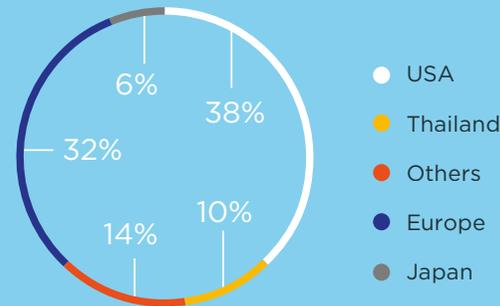
- 1 Douarnenez, France
- 2 Bangkok, Thailand

## 2017 NET SALES

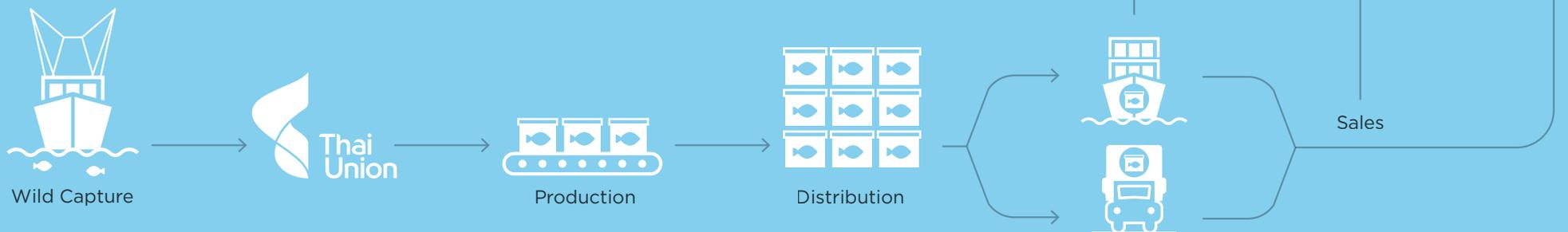
Breakdown by Category



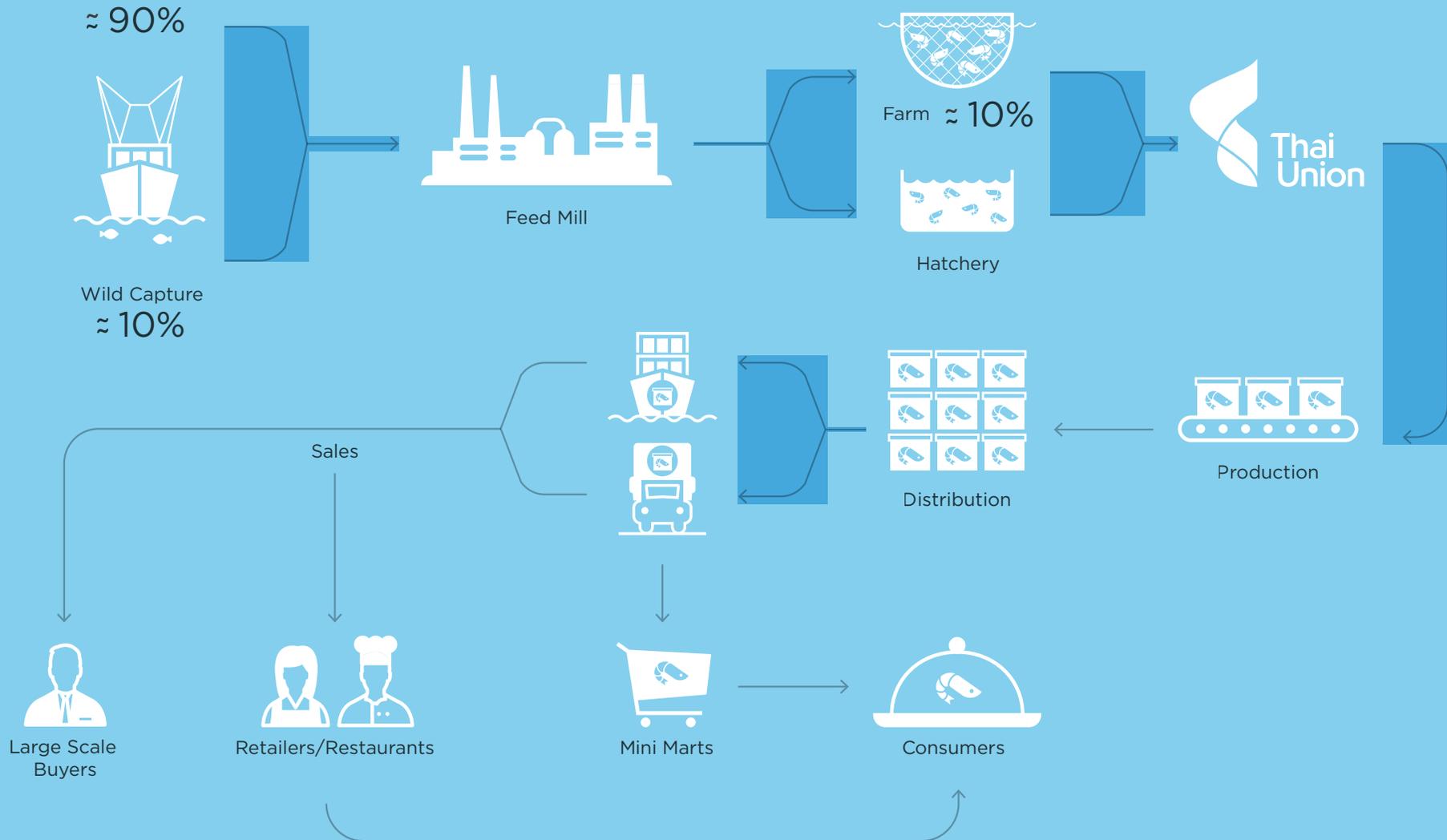
Distribution by Market



## FISHERY SUPPLY CHAIN



# AQUACULTURE SUPPLY CHAIN



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## OUR BRAND PORTFOLIO

With brands across North America, Europe, and Asia and the Pacific, 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-favorite brands has a global reach, and is built on local insights and market preferences that inform product development.

Through strategic mergers and acquisitions, our family of brands is expanding our market share across the world; and our commitment to innovation, sustainable growth, quality and consistency facilitates our brands’ competitive advantage.



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## NORTH AMERICA



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

Chicken of the Sea began as a California-based fish canning company in 1914 and, over the decades, the iconic mermaid image and brand have become a household name. More than a century later, Chicken of the Sea is synonymous with health, nutrition and convenience, offering a variety of products including shrimp, lobster, salmon, crab and, of course, tuna. In 2015, Chicken of the Sea was the largest U.S. seafood company by revenue, and the top importer of frozen shrimp and pasteurized crabmeat in the U.S.

Ensuring a healthy supply of seafood for future generations is imperative to both Chicken of the Sea and its consumers. Over the past century, Chicken of the Sea has pioneered responsible sourcing initiatives including the Dolphin-Safe Policy, Shark Finning Ban, and a partnership with the International Seafood Sustainability Foundation.



### **GENOVA**

The rich, savory taste of Genova premium tuna is central to many inspired dishes because of its distinct, delicious taste and texture. Genova is so simple and incredible on its own, take just one bite and it will ignite a passion for more. Exquisite premium tuna and extraordinary taste make Genova simply fulfilling.



EUROPE

**JOHN WEST**



John West is the number one Everyday Fish brand in the UK and Ireland. At John West, we have been selling fish since 1857. It is our passion to develop category-leading innovation that meets consumers' needs for taste, quality and convenience.



**PETIT NAVIRE**



Since its launch in 1932, Petit Navire has established itself as an everyday part of French people's lives, and has over 90 percent brand recognition in France. Petit Navire is the leading brand of tuna, known for its high quality standards and dedication to innovation. Petit Navire offers consumers a large variety of tasty products prepared with natural ingredients and flavorful simplicity, meeting the demands of today's hectic lifestyles.



**PARMENTIER**



Parmentier is the number one premium canned sardine brand in France. Since 1883, Parmentier and its fabulous small yellow cans have established the brand as the king of whole sardines. Keeping true to its history and legacy while continuously modernizing and innovating products, Parmentier remains a French household favorite, recognized as the expert in sardines.



EUROPE (CONTINUED)

**KING OSCAR**



King Oscar is the number one premium sardine brand in the U.S., Norway and Australia, while its premium mackerel line is number one in Poland. In 1902, King Oscar II of Norway and Sweden granted special royal permission to use his name and portrait on a brand of Norwegian sardines. Over 110 years, King Oscar has offered its discerning consumers the finest premium sardines and seafood sourced from the Norwegian sea and other corners of the world.



**MAREBLU**



Mareblu is a historical brand in the Italian tuna market, founded in the early 1970s.

Thanks to the focus on quality and innovation, Mareblu is known as the only tuna brand in Italy produced directly where the tuna is caught. In Italian, the slogan reads: 'Il tonno lavorato sul luogo di pesca'. This fully integrated process results in a product of the highest standards in taste, quality and nutrition.

Mareblu is the second player by volume and by value in the canned seafood market, offering a complete range of products: tuna (in oil, in brine, no drain, "light" and ventresca); mackerels (in oil, in brine, flavored); tuna and salmon salads; tuna, mackerel and salmon sliced and mixed with tasty ingredients; and sardines.



**RÜGEN FISCH**



Rügen Fisch has grown its business since 1949 to become the leading seafood company in Germany, representing a powerful house 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**

SEALECT in Thailand is present in the tuna, sardine and mackerel categories.

In tuna, the brand has grown since 1992 to become the number one tuna brand in Thailand by virtue of market share. SEALECT offers consumers canned tuna with premium quality, taste, nutritional value and product varieties, making it the most sought after tuna brand. The brand continues to innovate to stay up-to-date with changing consumer and market trends.

In sardines and mackerel, SEALECT offers good quality fish in original sauces and is part of the main meal for many Thai households.



**FISHO**

Fisho is a fish-based snacking brand. It is available in various convenient formats like strips, sheets and sticks. It is very popular among teenagers and young adults who enjoy the taste and love the idea of snacking without guilt. As snacking is a very dynamic category, Fisho continues to launch exciting new products and flavors from time to time to stay relevant and keep meeting evolving consumer needs.



**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.



ASIA-PACIFIC (CONTINUED)



**QFRESH**

Qfresh presents our strong desire to provide “FRESH QUALITY” with a wide range of the finest essentials for your culinary delights. Our prime selected products have journeyed from sustainable natural sources and are freshly crafted, stored to capture freshness, nutrition and signature savory. Treat your health with a delicious gift from nature.

Qfresh offers ready-to-cook and ready-to-eat products, including Chinese-style dim sum. Consumers can enjoy fresh quality seafood that is affordable, convenient and nutritious. We focus on production and storage innovation, as well as modern delivery methods, to ensure freshness, original flavor, and safety for our consumers.



**MONORI**



Monori sea-snack products are packed with flavor and nutrients, made with the finest shrimp cheeks, carefully cooked in the purest rice bran oil, and baked to crunchy perfection. The brand focuses on providing high-quality sea-snack products for consumers everywhere. Made with fresh, great tasting sustainable seafood, and using dedicated innovation, we offer flavorful, nutritious and tasty goodness.



**BELLOTTA AND MARVO**

Bellotta and Marvo offer a good balance of taste and nutrition to enhance the health and happiness of our beloved furry family members.

In 2017, Bellotta and Marvo continued to build consumer engagement through well-received pet events in Thailand such as the Pet Expo and the Thailand Dog & Cat Show.

Brand roadshows were also rolled out to key pet shops to maintain the momentum at the point-of-purchase level throughout Thailand.



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# RECOGNITION

**It certainly has been an incredible year for Thai Union, full of tremendous achievements in sustainability.** 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. We worked everyday in 2017 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.

And while it is great to be recognized, we also see that we are on a journey and there are always ways to further improve.

Looking ahead, Thai Union will continue to make progress and maintain our focus on collaboration to address the sustainability challenges confronting the global seafood industry. This includes everything from digital traceability, providing worker connectivity at sea and addressing hunger through food donations, to educating children and providing nutritional information to our local communities.

We are also working across industries because the challenges faced by the seafood industry, such as human rights and safe migration, are not unique to seafood.



# AND AWARDS





To view past recognitions and awards, visit:  
[www.seachangesustainability.org/awards](http://www.seachangesustainability.org/awards)

**edie Sustainability Leaders Awards**  
 Leader of the Year Winner

**SEAL Business Sustainability Awards**  
 for Organizational Impact 2017 Winner

**Asia Corporate Excellence & Sustainability Awards**  
 Top CSR Advocates Winner

**Stock Exchange of Thailand 2017**  
 Outstanding Sustainability Award

**Stock Exchange of Thailand 2017**  
 Thailand Sustainability Investment Index

**Named to Dow Jones Sustainability Index**

**Named to FTSE4Good Emerging Index**

**Ethical Corporation Responsible Business Awards**  
 Sustainability Report of the Year: Highly Commended

**Ethical Corporation Responsible Business Awards**  
 Sustainability Leader of the Year: Highly Commended

**PublicAffairsAsia Gold Standard Awards**  
 Issues Management and Crisis Communications Finalist (Addressing investigations and criticisms in sustainability of seafood supply chains)

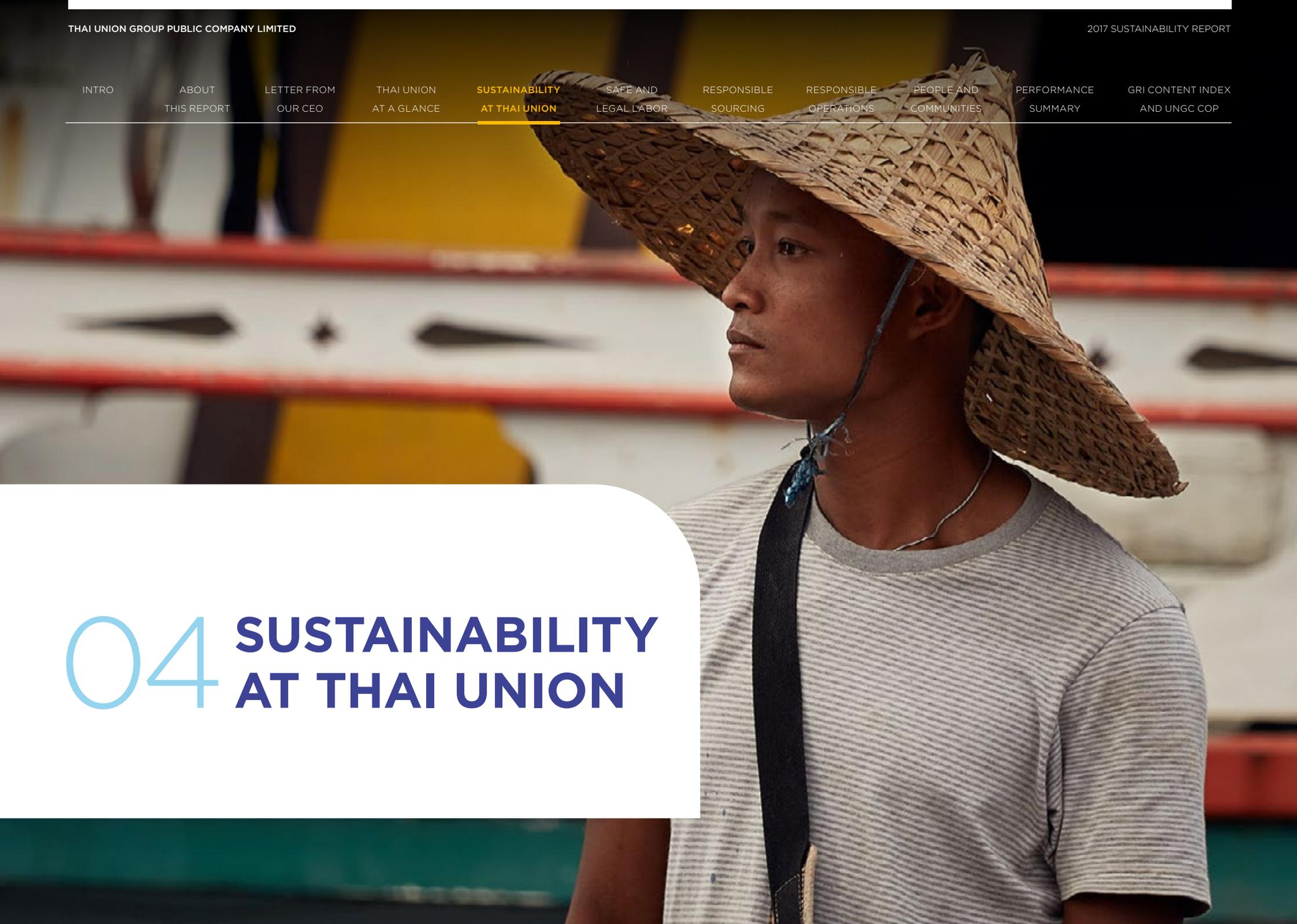
**Asia Sustainability Reporting Awards**  
 Best Online Sustainability Reporting: Highly Commended

**Asia Sustainability Reporting Awards**  
 Best Supply Chain Reporting: Highly Commended

**Asia Sustainability Reporting Awards**  
 Best Materiality Reporting Finalist

**Asia Sustainability Reporting Awards**  
 Best Stakeholder Reporting Finalist

**Asia Sustainability Reporting Awards**  
 Best Environmental Reporting Finalist



# 04 SUSTAINABILITY AT THAI UNION

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INTRO	ABOUT THIS REPORT	LETTER FROM OUR CEO	THAI UNION AT A GLANCE	<b>SUSTAINABILITY AT THAI UNION</b>	SAFE AND LEGAL LABOR	RESPONSIBLE SOURCING	RESPONSIBLE OPERATIONS	PEOPLE AND COMMUNITIES	PERFORMANCE SUMMARY	GRI CONTENT INDEX AND UNGC COP
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Sustainable development is essential to the future of Thai Union's business and our growth.

## CHANGING SEAFOOD FOR GOOD

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.

**Traceability is the backbone of sustainability.**

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;



Photo credit: Janyawath Sutamma/IUCN

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.

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.



**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**

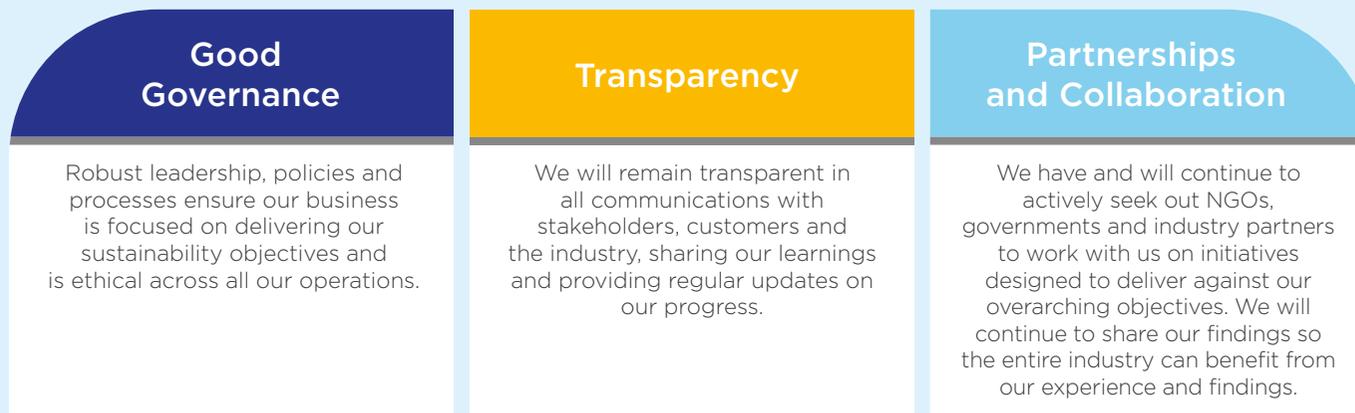


**PEOPLE AND COMMUNITIES**

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.



# UN GLOBAL COMPACT AND UN SUSTAINABLE DEVELOPMENT GOALS

Thai Union is a member of the UN Global Compact and has been working to implement the commitments in the Global Compact's Ten Principles since 2013. All of the principles have been incorporated into our Business Ethics and Labor Code of Conduct, which governs not only how our own staff operate but also how we would like our supply chain to operate. In this way, we are extending our influence and using business as a powerful force for change.



## WE SUPPORT

### 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**

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## UN GLOBAL COMPACT LOCAL NETWORK

In 2017, Thai Union continued our support to establish the UN Global Compact Local Network in Thailand. Starting in January, Thai Union shared our perspective and work regarding the United Nations Guiding Principles (UNGP) on Business and Human Rights with government agencies, private sectors and NGOs to help support the National Action Plan on Business and Human Rights, organized by the National Human Rights Commissioner.

In June, Thai Union shared our perspective on why business should pay attention to human rights with CSR Club and the Thai Listed Companies Association. In November, we supported the ASEAN Intergovernmental Commission on Human Rights Training on Business and Human Rights at the Stock Exchange of Thailand by presenting a case study on Thai Union and our work under the UN Global Compact.

G4-23

## KEY PERFORMANCE ACHIEVEMENT

In 2017, we continued to roll out our Business Ethics and Labor Code of Conduct to our contracted first tier suppliers, achieving 100 percent acceptance globally. In 2018, we will focus on the rollout of our Vessel Code of Conduct to our wild-caught fish suppliers, focusing first on the tuna industry.

## SEACHANGE® AND THE UN SUSTAINABLE DEVELOPMENT GOALS

In line with SeaChange®, Thai Union is focused on three of the UN Sustainable Development Goals (SDGs), contributing to broader societal change in areas where we can have direct influence. However, our work contributes to all 17 SDGs in a number of ways. We have chosen to focus on how our work contributes to the biosphere, society and the economy, but also how we can form partnerships to the global contribution toward sustainable development. Our milestones against each of our four programs under SeaChange® will demonstrate our progress by 2020 and will contribute to the SDGs' 2030 targets.



## THAI UNION SDGs ADVOCACY

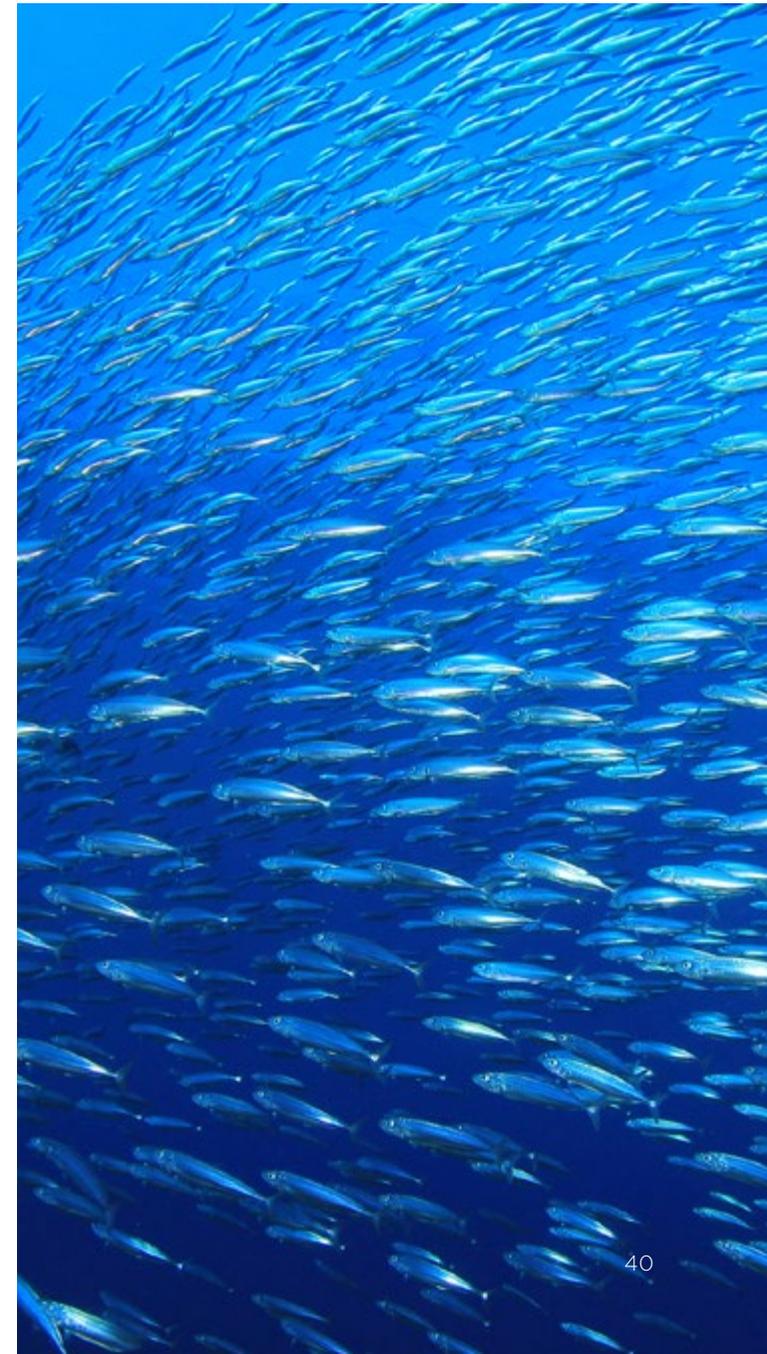
Sustainability can only be achieved through collaboration and shared goals, and we see the value that work around the SDGs can bring. Thai Union, which previously joined leaders from the largest seafood businesses around the world in the Keystone Dialogues to bring science and industry leaders closer together through the Seafood Business for Ocean Stewardship initiative, presented our groundbreaking initiative at the UN Oceans Summit meeting in New York in June 2017 to support SDG 14 and SDG 17 to promote collaboration.

The initiative, based on research conducted by the Stockholm Resilience Centre, aims to demonstrate leadership on sustainable seafood production and supporting a healthy ocean and actively contributes to SDG 14 to conserve and sustainably use the oceans, seas and marine resources.

Additionally, the ocean stewardship pledge commits signatories to improve operations as well as challenge the rest of the seafood industry to follow, all with the goal of helping the world achieve the SDGs.

The milestones we attain with SeaChange® will also help the world achieve the UN Sustainable Development Goals.

In January 2017, Thai Union was part of a campaign by NGOs, businesses and the UN Global Compact Network UK to encourage the UK Government to support the UN SDGs. The letter was delivered to the Prime Minister of the UK in advance of the World Economic Forum meetings in Davos.



**CASE STUDY**

**THAI UNION JOINS BUSINESSES UNITING TO MAKE UK ECONOMY FIT FOR THE FUTURE BY BACKING SUSTAINABLE DEVELOPMENT**

In an open letter to the Prime Minister published in January 2017, Thai Union joined more than 80 leading companies that united in a call on the Government of the United Kingdom to demonstrate its commitment to delivering the UN Sustainable Development Goals (SDGs).

Ahead of the World Economic Forum (WEF) annual meeting on January 17-20 in Davos, businesses said they were ready to work with the Government to help deliver the SDGs in the UK as well as internationally, but that the Government must create a framework to help businesses play their part. The letter was published on the day the Business and Sustainable Development Commission published its own flagship report on the business case for achieving sustainable and inclusive growth, and quantifying the value of private sector opportunities aligned with the SDGs.

The letter was coordinated by UK Stakeholders in Sustainable Development (UKSSD), a non-profit network of businesses, NGOs and academics working to advance sustainable development and

help facilitate the delivery of the SDGs in the UK. The UKSSD steering group comprises Bioregional, Good Energy, ICAEW, Neighbourly, Stakeholder Forum, UN Global Compact Network UK and WWF-UK.

“By developing more sustainably, the UK can play an important international leadership role—and UK businesses are natural leaders. This letter to the Prime Minister is a clear signal that businesses stand ready to play their part,” said Tanya Steele, Chief Executive for WWF-UK. “It is time for the Government to heed this call and set out a strong plan that ministers can translate into action. If governments and businesses work together to achieve the SDGs, they have the power to transform our world and deliver a future in which people and nature thrive.”

Thai Union fully understands the responsibility our company bears as a leading global company in the seafood industry and we are fully committed to doing whatever we can to help achieve these international goals. As part of our sustainability strategy, SeaChange®, and in line with our



commitment to the UN Global Compact, Thai Union identified key SDGs we are working toward. These will help us achieve sustained economic growth, ocean stewardship, promotion of human rights and ethical labor practices, as well as long-term positive value to society.



# SUSTAINABILITY GOVERNANCE

Sustainability Governance flows all the way from the top of the organization.

## BOARD OF DIRECTORS

The Board of Directors is composed of an experienced team of managers, including several members of the Global Leadership Team. The Board of Directors meets eight times per year.



**MR. KRAISORN CHANSIRI**  
Chairman



**MR. CHENG NIRUTTINANON**  
Executive Chairman



**MR. THIRAPHONG CHANSIRI**  
President and CEO



**MR. CHUAN TANGCHANSIRI**  
Executive Director



**MR. KIYOTAKA KIKUCHI**  
Director



**MR. RITTIRONG BOONMECHOTE**  
President, Global Frozen and Related Unit



**MR. CHAN SHUE CHUNG**  
Group Director, Human Resources



**MR. RAVINDER SINGH GREWAL SARBJIT S**  
Director



**MR. SAKDI KIEWKARNKHA**  
Independent Director



**DR. THAMNOON ANANTHOTHAI**  
Independent Director



**MR. KIRATI ASSAKUL**  
Independent Director



**MR. NART LIUCHAREON**  
Independent Director

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**MR. CHENG NIRUTTINANON**  
Executive Chairman

### GLOBAL LEADERSHIP TEAM

The Global Leadership Team is composed of our business leaders from across the organization, including the Group Director of Sustainable Development and Group Director of Innovation as advisors. The Global Leadership Team meets four times per year, and the Group Director of Sustainable Development reports to the Global Leadership Team quarterly on sustainability issues and progress.



**MR. KIRATI ASSAKUL**  
Independent Director/Chairman,  
Risk Management Committee

### RISK MANAGEMENT COMMITTEE

The Risk Management Committee is a subcommittee of the Board of Directors, and the Group Director of Sustainable Development sits on this committee and updates quarterly on key sustainability risks and tracking progress.



**DR. DARIAN McBAIN**  
Group Director for Sustainable  
Development/Chairperson, Global  
Sustainability Committee

### GLOBAL SUSTAINABILITY COMMITTEE

The Global Sustainability Committee, chaired by the Group Director of Sustainable Development, brings together team members across functions and locations throughout the world. The Global Sustainability Committee meets twice per year. The subcommittees lead their work streams throughout the year, reporting on progress at the biannual Global Sustainability Committee.

There were four subcommittees for sustainability in 2017:

- Code of Conduct Implementation
- Data Collection and Reporting
- Corporate Social Responsibility
- Sustainable Packaging



**MR. COMGRIT SORCHOM**  
Group Director for Environmental,  
Health and Safety/Chairman, Global  
Environmental Health and Safety  
Committee

### GLOBAL ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE

A committee comprised of representatives from our plants around the world to address key environment, health and safety issues.

G4-20, G4-21, G4-24, G4-25, G4-26

## STAKEHOLDER ENGAGEMENT

Thai Union regularly engages with our key stakeholders, allowing us to understand and prioritize our sustainability risks and define appropriate responses to emerging corporate challenges. Given our global scale of operations, our material issues and impacts are complex and trans-continental. Thai Union carried out a materiality assessment, which analyzed our worldwide operations, to identify and prioritize the most important issues to our stakeholders and the business as a whole—our material issues—including those related to environmental, social and governance risks. Building on the stakeholder feedback from the December 2015 materiality assessment, we developed our SeaChange® sustainability strategy, which launched in 2016.

Transparency was one of the key themes we addressed with our stakeholders, both internal and external, in 2017. We take pride in the transparency of our communications with stakeholders, customers and the industry. We brought to life our transparency approach through updates to our primary communications tools: Thai Union’s website and the SeaChange® website.

We also ran an extensive program of face-to-face engagement with internal and external stakeholders. This included a series of meetings across the globe with key customers, civil society representatives, and regulators, along with speaking events and other opportunities to share our position on key issues publicly.

Our Stakeholders	Online Consultation	Tailored Strategy Presentation	Reporting (e.g. newsletter, emails)	Trainings	Site Visits	Events (internal, external)	Microsite	Corporate Sustainability Campaign
Thai Union Management	✓	✓	✓			✓	✓	
Thai Union Staff	✓	✓	✓			✓	✓	
Thai Union Legal Staff	✓	✓	✓			✓	✓	
Consumers							✓	✓
Customers	✓	✓	✓	✓ <sup>(1)</sup>	✓	✓	✓	
Industry Associations/Lobbyists	✓	✓					✓	
International Organizations (UN, Interpol, etc.)	✓	✓			✓	✓	✓	
NGOs/Foundations	✓	✓			✓		✓	
Policy Makers/Regulators	✓	✓	✓		✓	✓	✓	
Shareholders/Investors	✓	✓ <sup>(2)</sup>	✓	✓ <sup>(3)</sup>	✓		✓	
Suppliers	✓			✓			✓	
Think Tanks	✓	✓					✓	

(1) sales teams / (2) personalized emails & letters / (3) investor relations team

## CASE STUDY

### THAI UNION BRINGS SEACHANGE® TO THE EUROPEAN PARLIAMENT IN BRUSSELS

Last year, Thai Union planned and later brought together Members of the European Parliament (MEPs), sustainability experts, NGOs and industry representatives to discuss how best to join forces to drive positive change across the seafood industry.

A high-level stakeholder event, organized in the European Parliament, marked the launch of a week-long exhibition on SeaChange®, Thai Union's sustainability strategy. During this period, visitors had the opportunity to learn about sustainability challenges in the seafood and fishing industry through a diverse range of panels, infographics and videos. The launch event welcomed more than 60 high-level representatives of the political, NGO and industry spheres with responsibilities in the field of fisheries, sustainability, trade and employment.

The event was hosted by MEP Ricardo Serrão Santos, an active Member of the European Parliament's Committee on Fisheries, who applauded Thai Union's leadership.

"With clear targets set for the near future, the SeaChange® strategy is designed to deliver on all the sustainability challenges of

the seafood sector: healthy stocks, high labor standards, and a reduced environmental impact," said MEP Santos.

Together with the importance of responsible sourcing, ensuring safe and legal labor in the seafood industry proved to be a key highlight of discussions. Human rights defender and migrant worker specialist Andy Hall stressed the critical importance of providing safe, legal and freely-chosen employment across the seafood supply chain.

"Many workers have spent 15 years or more on boats as slaves and come back to their families later with traumas, without getting any support," said Hall. "Thai Union is committed to changing this."

Speakers present at the event also stressed the role of partnerships in driving meaningful improvements across the seafood industry.

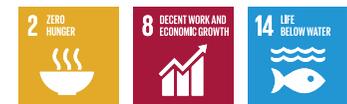
"We believe engaging with business is crucial to implement change," said Samantha Burgess, Head of European Marine Policy at WWF. "That is why we support industry with expertise to help them improve sustainability."

Oliver Knowles, Greenpeace oceans campaigner, also took the floor to present the agreement signed with Thai Union to continue improving the livelihoods of millions of people dependent upon the oceans.



"We know that there are still areas of improvement in the seafood sector, but the ambition is there," emphasized Knowles. "Our agreement with Thai Union, which complements the SeaChange® initiative, is the start of a long progress line." The event also provided the opportunity for Thai Union and Mars Petcare to launch a short video documenting how an innovative digital traceability pilot program in Thailand, which the two companies have implemented alongside a coalition of industry and government groups, has helped to boost human rights in the seafood industry.

Thai Union will continue to build on this important momentum to lead efforts toward more sustainable oceans.



# FEEDBACK FROM THAI UNION'S STAKEHOLDERS

G4-27

OUR STAKEHOLDERS	ISSUES	THAI UNION RESPONSES
 <p><b>INVESTORS</b></p>	<ul style="list-style-type: none"> <li>Improvement of business performance</li> <li>Good governance</li> <li>Transparency of information</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Social and environmental responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Transparency and governance (anti-corruption, data disclosure, tax policy and reporting)</li> <li>Investor Relations Communications team, quarterly face-to-face investor updates with a sustainability briefing</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Climate change and environmental protection</li> </ul>
 <p><b>SUPPLIERS</b></p>	<ul style="list-style-type: none"> <li>Fair trade</li> <li>Consistency expectation</li> <li>Increasing orders</li> </ul>	<ul style="list-style-type: none"> <li>Responsible sourcing (traceability, viability)</li> <li>Code of Conduct</li> <li>Supplier audits and capacity building</li> </ul>
 <p><b>CUSTOMERS</b></p>	<ul style="list-style-type: none"> <li>Product quality (health and nutrition)</li> <li>Food safety</li> <li>Service quality</li> <li>Competitive price</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Social and environmental responsibilities</li> <li>Eco-labelling (e.g. MSC, dolphin safe, ASC, BAP, carbon footprint of products)</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and product responsibility (quality food safety)</li> <li>Increased customer communication and face-to-face meetings on sustainability held globally</li> <li>Offering more sustainable alternatives to meet customer demands</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Responsible sourcing</li> <li>Climate change and environmental protection</li> </ul>
 <p><b>END-CONSUMERS</b></p>	<ul style="list-style-type: none"> <li>Eco-labelling</li> <li>Competitive price</li> <li>Food safety</li> <li>Product quality (health and nutrition)</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Social and environmental responsibilities</li> <li>Eco-labelling (e.g. MSC, dolphin safe, ASC, BAP, carbon footprint of products)</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and product responsibility (quality, food safety)</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Responsible sourcing</li> <li>Climate change and environmental protection</li> </ul>
 <p><b>EMPLOYEES</b></p>	<ul style="list-style-type: none"> <li>Fair compensation and benefits</li> <li>Fair labor practices</li> <li>Safety and wellness</li> <li>Career development and opportunity</li> <li>Career security</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Human rights and fair labor practices</li> <li>Human capital development</li> <li>Management program</li> <li>Global program of harmonization of work standards</li> <li>Brand ambassador program and Thai Union Global rollout</li> </ul>
 <p><b>DAILY/ MIGRANT WORKERS</b></p>	<ul style="list-style-type: none"> <li>Fair compensation and benefits</li> <li>Fair labor practices</li> <li>Safety and wellness</li> </ul>	<ul style="list-style-type: none"> <li>Human rights and fair labor practices</li> <li>Human capital development</li> </ul>

G4-27

OUR STAKEHOLDERS	ISSUES	THAI UNION RESPONSES
 <p><b>COMMUNITIES</b></p>	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Social and environmental responsibilities</li> <li>• Partnership in community development</li> <li>• Socioeconomic development</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency and governance (anti-corruption, data disclosure, tax policy and reporting)</li> <li>• Climate change and environmental protection</li> <li>• Communities</li> </ul>
 <p><b>GOVERNMENT</b></p>	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Participation in government programs</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency and governance (anti-corruption, data disclosure, tax policy and reporting)</li> </ul>
 <p><b>NGOS</b></p>	<ul style="list-style-type: none"> <li>• Social and environmental responsibilities</li> <li>• Marine conservation</li> <li>• Participation in social and environmental programs</li> <li>• Transparency of information</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change and environmental protection</li> <li>• Communities</li> <li>• Transparency and governance (anti-corruption, data disclosure, tax policy and reporting)</li> </ul>
 <p><b>INTERNATIONAL ORGANIZATIONS</b></p>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Transparency of information</li> <li>• Social and environmental responsibilities</li> <li>• Participation in social and environmental programs</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency and governance (anti-corruption, data disclosure, tax policy and reporting)</li> <li>• Climate change and environmental protection</li> <li>• Communities</li> </ul>
 <p><b>ACADEMIA</b></p>	<ul style="list-style-type: none"> <li>• Social and environmental responsibilities</li> <li>• Marine conservation</li> <li>• Participation in social and environmental programs</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change and environmental protection</li> <li>• Communities</li> </ul>
 <p><b>MEDIA</b></p>	<ul style="list-style-type: none"> <li>• Transparency of information</li> <li>• Timeliness of information</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency and governance (anti-corruption, data disclosure, tax policy and reporting)</li> </ul>

## CASE STUDY

### GREENPEACE AND THAI UNION REACH AGREEMENT



Dr. Darian McBain (left), Thai Union's global director for sustainable development, accepts a "torch" for sustainability. Also pictured are Khun Anchalee Pipattanawattanakul (right), Oceans Campaigner for Greenpeace Southeast Asia, and Khun Tara Buakamsri (rear), Thailand Country Director for Greenpeace Southeast Asia.

Greenpeace and Thai Union published an agreement in July 2017 in line with our efforts to drive positive change across the global seafood industry. The accord once again confirmed Thai Union's commitment to pursue solutions to issues prevalent within the entire fishing industry—not just tuna—as well as to improve the livelihoods of millions of people dependent upon the oceans.

The comprehensive agreement included commitments to:

- Reduce the number of fish aggregating devices

(FADs) used in supply chains in key markets around the world by an average of 50 percent by 2020, while doubling the amount of verifiable FAD-free fish available in markets globally in the same period. FADs are floating objects that create mini ecosystems and may result in the catch of unintended marine species, including sharks, turtles and juvenile tuna.

- Extend the current moratorium on at-sea transshipment across our entire global supply chain unless new strict conditions are met by suppliers. Transshipment at sea enables vessels to continue fishing for months or years at a time and has the potential to facilitate illegal activity.
- Ensure independent observers are present on all longline vessels transshipping at sea to inspect and report on potential labor abuse and ensure 100 percent human or electronic observer coverage across all tuna longline vessels from which Thai Union sources.
- Develop a comprehensive code of conduct for all vessels in Thai Union's supply chains, complementing the existing and strengthened Business Ethics and Labor Code of Conduct, to help ensure workers at sea are being treated humanely and fairly.
- Shift significant portions of longline caught tuna to pole-and-line or troll-caught tuna by 2020 and

implement strong requirements to help reduce bycatch.

- Move to full digital traceability, allowing people to track their tuna back to the vessel it was caught on and identify the fishing method used.

Importantly, to ensure Greenpeace and Thai Union remain on the same page, both parties have agreed to meet every six months to assess the agreement's progress and implementation. Also, after 2018, an independent third-party will review progress to-date on the commitments made in the agreement. And Thai Union started a round of consultations with customers in key markets, including Europe, the United Kingdom and the United States, to engage them on the contents of the Greenpeace agreement.

After the agreement was announced, Bunny McDiarmid, Greenpeace's International Executive Director, stated, "This marks huge progress for our oceans and marine life, and for the rights of people working in the seafood industry. If Thai Union implements these reforms, it will pressure other industry players to show the same level of ambition and drive much needed change. Now is the time for other companies to step up and show similar leadership."



G4-19

## MATERIAL ISSUES

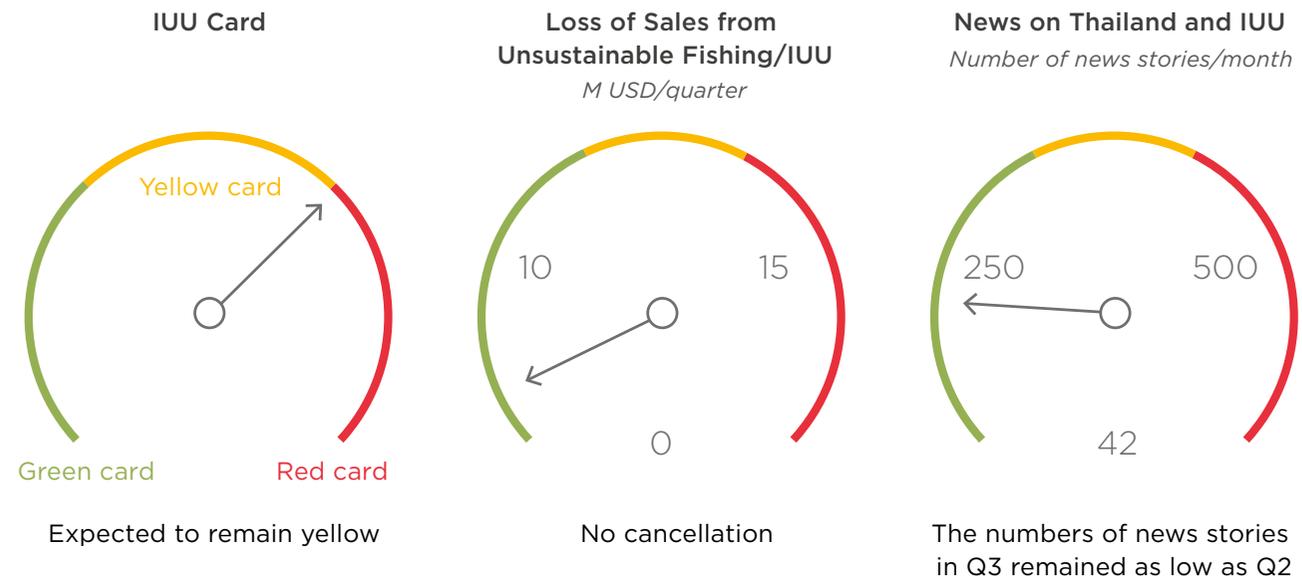
In 2017, we continued to address our most material issues through our SeaChange® sustainability strategy. We continued to conduct face-to-face meetings with our key stakeholders, including governments, customers, consumers, non-governmental organizations (NGOs) and civil society, as well as staff and research institutions, to constantly assess and address our material issues and those of most concern to our stakeholders.

## MATERIALITY IN RISK ASSESSMENT

One way we assess our materiality is through our risk management procedure. Through reviewing activities and partnerships, assessing forthcoming legislation and the implementation of regulations, customer preference and feedback, as well as media profile and risk, Thai Union continuously monitors the materiality of issues and the impact they have on our internal risk profile. These risks are presented quarterly to the Group Risk Management Committee, and action is taken as required.

### Sustainability Risk Dashboard

#### Key Risk Indicators



Material issues assessed through monitoring a number of Key Risk Indicators

## EMERGENT MATERIAL ISSUES

In 2017, ocean plastic and marine litter became an emerging material issue for Thai Union. Although Thai Union has been working on a packaging strategy to reduce carbon dioxide emissions for a number of years, in 2017 stakeholder concern regarding ocean plastic increased and became a significant material

issue. Events such as the European Union’s Our Ocean 2017 conference in Malta, for example, highlighted that this is a significant issue for organizations with marine responsibility, whether the private sector, government or civil society, as evident in the number of commitments being made.



By weight of floating microplastic debris in the open ocean is fishing-related

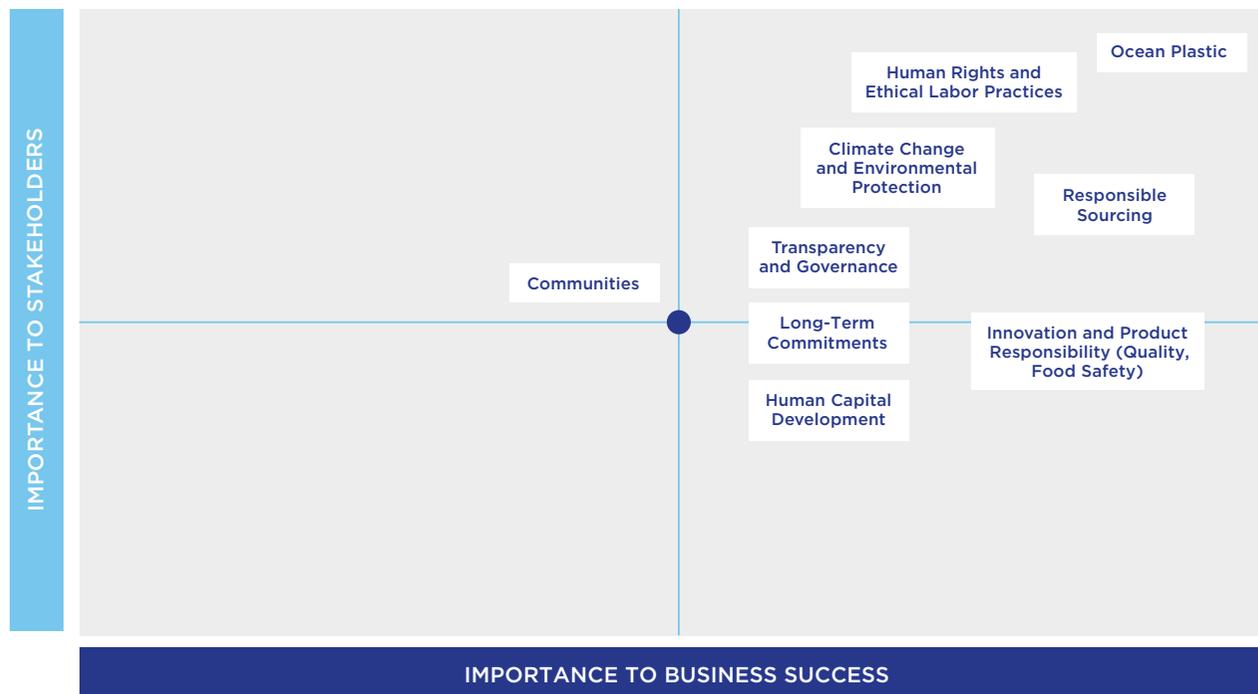
Source: Eriksen et al, 2014

As a user of primarily recyclable packaging, in the form of steel and aluminum cans and paper outer cardboard, Thai Union assessed that our greatest impact is through supporting work to reduce marine litter and abandoned, lost and discarded fishing gear (ALDFG).

Every year around 8 million tons of plastic enter into the ocean, most of it urban waste, particularly plastic litter and microplastics. ALDFG accounts for at least 10 percent of the total. It is the largest marine source of plastic debris in the oceans and makes up over half by weight of all the ocean macro-plastics (pieces over 5mm long). It crops up on beaches, tangles on coral reefs, threatens navigation and is a significant cause of loss of other fishing gear in use. It has obvious impacts on global food security and the seafood supply chain, as well as an impact on the livelihoods of coastal communities. In this way, the issue of ocean plastic and marine litter impacts all three of the SDGs we have chosen to focus on and is therefore a material issue not only to our stakeholders but also to Thai Union. In 2018, Thai Union will work closely with the Global Ghost Gear Initiative (GGGI) to actively promote solutions for reducing this waste.

### Materiality Matrix

G4-23



## OUR OPERATING PRINCIPLES

Through SeaChange®, our sustainability strategy, Thai Union works on a series of operating principles that guide what we do and how we work. These operating principles are organized into three pillars.



### GOOD GOVERNANCE

SeaChange® has the support of the entire Thai Union organization, from top to bottom and across all our markets. We have put together a strong team of experts who provide robust leadership, backed up by policies and processes, to ensure SeaChange® fundamentally changes the way the global seafood industry operates.



### TRANSPARENCY

We recognize how important openness is in building stakeholder trust. We are committed to being fully transparent in our communications with our stakeholders, customers and the entire industry. We share our learnings and provide regular updates on our progress.



### PARTNERSHIPS AND COLLABORATION

We are proud to be working with some of the leading organizations on the issues affecting the industry today. We actively seek out NGO, government and industry partners to contribute their expertise and insights to our programs.

## GOOD GOVERNANCE

Thai Union recognizes the importance of good corporate governance to support sustainable business growth and gain acceptance in the wider domestic and international markets.

Any association with corruption, illegal conduct, fraud and economic crime would have an adverse impact on our company's reputation, staff morale and business relationships. Any evidence of these unethical practices could result in exclusion from contracts financed by institutions that blacklist suppliers involved in bribery. And such behavior could potentially impact Thai Union's future earnings and cause higher risk premiums for debt or equity.

To minimize the risk of any unethical conduct within the boundaries of our business and supply chain, Thai Union has taken several measures to strengthen our internal controls. These initiatives also help solidify our position as a global seafood leader.

### UNITED NATIONS GLOBAL COMPACT

Since joining the United Nations Global Compact (UNGC) in 2013, we have aligned our strategies and practices with universal principles on human rights, labor, environment and anti-corruption. We have also taken positive steps to advance the UN Sustainable Development Goals (SDGs).

## CORPORATE GOVERNANCE POLICY

Thai Union has a strict Corporate Governance Policy in adherence to our membership in the Stock Exchange of Thailand. Our Corporate Governance Policy is regularly reviewed and improved to ensure the duties of Thai Union’s Board of Directors are performed effectively and consistently. Any violations of this policy will result in disciplinary action in accordance with Thai Union’s rules and regulations.

## BUSINESS ETHICS AND LABOR CODE OF CONDUCT

In 2015, we launched our revised Business Ethics and Labor Code of Conduct, outlining our values, principles and guidelines in a variety of areas, particularly how we conduct business activities. Our anti-corruption efforts are described in this new code; specifically, Thai Union prohibits all forms of bribery, corruption, extortion, embezzlement, money laundering and insider trading. The Business Ethics and Labor Code of Conduct also details our policies regarding competition and competitor information, financial records, reporting concerns and non-retaliation.

Our updated Business Ethics and Labor Code of Conduct is communicated to all Thai Union employees and is publicly available on our website. Furthermore, in 2017, we created Business Ethics and Labor Code of Conduct posters in multiple languages highlighting key information. The posters can be found hanging in various Thai Union plants and factories in Thailand and around the world. All employees are trained on Thai Union’s anti-corruption policy and procedures, which aids the development of a culture that is conducive to good corporate governance.

Further, since launching the Business Ethics and Labor Code of Conduct, all contracted tier-1 suppliers are subject to signing an acknowledgement of it.

G4-23

### Percentage of employees and contracted tier-1 suppliers who signed acknowledgement of the Business Ethics and Labor Code of Conduct

Critical tier-1 suppliers



Non-critical tier-1 suppliers



## VESSEL CODE OF CONDUCT

In 2017, we introduced our Fishing Vessel Improvement Program and Vessel Code of Conduct, reflecting the unique set of working conditions on fishing vessels that necessitate special consideration. The Vessel Code of Conduct is an extension of the Thai Union Business Ethics and Labor Code of Conduct. Thai Union's existing and new suppliers are required to sign the Vessel Code of Conduct to do business with us. This helps ensure the Vessel Code of Conduct is applied to all fishing vessels in our supply chain.

## WHISTLEBLOWING AND COMPLAINTS

Thai Union provides both electronic and postal submission channels for cases of whistleblowing and other complaints not related to products. Any whistleblowing employees or other individuals hired for work by Thai Union will have their rights protected and defended according to applicable international and national legal protections, as well as the policy outlined in the Business Ethics and Labor Code of Conduct.

We have also established a two-way communication channel for stakeholders and other involved parties to express their opinions and report complaints of unfair treatment by Thai Union. The Chairman of the Audit Committee or General Manager Audit Unit are designated as the point of contact to receive complaints relating to corporate governance and the Business Ethics and Labor Code of Conduct from all groups of stakeholders. The Audit Committee reviews the complaint reports every quarter and provides a summary report to the Board of Directors.



Dr. Darian McBain, Thai Union's global director for sustainable development, speaks at the Trust Women's Conference. Photo credit: Trust Women Conference

## TRANSPARENCY

### PROMOTING TRANSPARENCY IN THE SUPPLY CHAIN

We continued to promote positive change in the seafood industry by sharing our experiences and speaking at a number of leading human rights conferences and forums. For example, we represented the nation of Thailand at the Bali Process Government and Business Forum, which is a new initiative for CEOs and business leaders to advise governments on how to prevent and combat human

trafficking and related abuses and share experiences on best practices.

Additionally, Thai Union participated in many conferences ranging from The Economist World Ocean Summit in Bali, the UN Ocean Conference in New York, the Vigo Tuna Summit in Italy, to the Our Ocean Conference in Malta. Our sustainability program, SeaChange®, was presented at the Boston and Brussels Seafood Shows, as well as many other trade and industry events.

## PARTNERSHIPS AND COLLABORATION



Ivo Sieber (left), Ambassador of Switzerland to Thailand, and Khun Cheng Niruttinanon, Thai Union's Executive Chairman, attend the launch of Thai Union's and Nestlé's demonstration boat in Samut Sakhon to promote human and labor rights.

Along with transparency and good governance, partnerships and collaboration are fundamental to our SeaChange® sustainability strategy and form the third pillar of our operating principles. In 2017, we further developed numerous partnerships and collaborations across the industry, with civil society and through multi-stakeholder initiatives.

### INDUSTRY COLLABORATION

Thai Union's participation in the Bali Process Government and Business Forum represented an important opportunity for the company to advise governments on how to prevent and combat human trafficking and related abuses and share experiences on best practices. Of the world's population, the Bali Process covers 4.5 billion people; as such, it is hoped the combined force of both business and

government in forum will serve as one of the most powerful weapons human trafficking has faced.

In 2017, Thai Union deepened our involvement in the Seafood Business for Ocean Stewardship (SeaBOS) by signing a groundbreaking pledge committing to improve operations as well as challenge the rest of the seafood industry to follow, all with the goal of helping the world achieve the UN SDGs. We initially joined SeaBOS in 2016, alongside seven more of the world's largest seafood companies. SeaBOS represents one of the most important agreements between business and science as it addresses the most pressing needs to protect the ocean and delivers against SDG 14, Life Below Water. SeaBOS focuses on sustainable stewardship of fisheries, labor conditions on vessels and ocean plastic, among other efforts, which are firmly grounded in scientific evidence. In June, we signed the World Economic Forum Tuna 2020 Traceability Declaration, and presented our work at the UN in New York.

Thai Union continued to participate in the Seafood Task Force, which grew significantly throughout 2017, expanding its scope to cover not only shrimp but tuna and other seafood.

We continued to hold board positions in the International Seafood Sustainability Foundation, as well as beginning membership of the Marine Stewardship Council (MSC) Stakeholder Advisory Council and the Global Sustainable Seafood Initiative Board.

We also continued to work with some of our most valued customers to provide solutions to our most material issues, many of which challenge the entire seafood sector in Thailand. In partnership with Nestlé, Verité, Southeast Asian Fisheries Development Center (SEAFDEC) and the Thai Department of Fisheries (DOF), we renovated a Thai fishing vessel to demonstrate international standards for human rights, worker conditions and safety. The demonstration vessel will be sailed to ports around Thailand to train fishers, captains, boat owners and other interested parties in 2018.

Thai Union and Mars Petcare, along with a coalition of other industry and government groups such as the U.S. Agency for International Development's (USAID) Oceans and Fisheries Partnership, launched a digital traceability pilot program. Satellite company Inmarsat installed 'Fleet One' terminals on fishing vessels in Thailand, while the crew members, captains and fleet owners were trained on 'Fish Talk' chat applications developed by Xsense, which enable them to connect with families and peers around the world while at sea—an industry first for Thai fisheries.

The pilot program also tested scalable platforms for electronic catch data and traceability (eCDT) systems that utilize mobile applications and satellite connectivity, making it possible to demonstrate true electronic end-to-end traceability and supply chain management.

### THAI UNION AND MARS PETCARE'S DIGITAL TRACEABILITY PILOT PROGRAM IS HELPING SUPPLIERS



Improve efficiency of traceability records validated by fishery managers and manage risk in the supply chain.



Demonstrate true electronic end-to-end traceability and supply chain management with linkages to markets such as the United States and European Union to better address concerns with illegal, unreported and unregulated (IUU) fishing and labor issues in fisheries.

Thai Union is a founding and active member of the International Seafood Sustainability Foundation (ISSF), an organization that uses science-based initiatives for the long-term conservation and sustainable use of tuna stocks, reducing bycatch and promoting ecosystem health. More general information about the work of the ISSF can be found at: <http://issf-foundation.org>. In 2017, Thai Union again participated in the annual external audit on conservation measures and compliance with the ISSF resolutions. Thai Union, Chicken of the Sea, and Thai Union Europe (TUE) were all audited against this standard by MRAG US and achieved full compliance for 2016. We also supported ISSF in several other areas, such as advocacy to the regional fisheries management organizations (RFMOs) to bring about wider change in the tuna industry.

Thai Union, through Chicken of the Sea Frozen Foods (COSFF), is an active and ongoing member of the NFI Crab Council. As an association of U.S. seafood companies, the NFI Crab Council focuses on crab management through market leadership and funding fishery improvement projects (FIPs). Throughout six countries in Asia, the NFI Crab Council sponsors sustainability projects to preserve crab as a popular, plentiful seafood item as well as an important economic resource for dependent livelihoods. The NFI Crab Council uses an innovative mix of funding through major funds and foundations, as well as through a self-imposed tax on imported crab. COSFF is one of the top contributors to the Council. We are continuing to support the control document initiative in Indonesia to ensure compliance with minimum size regulations. And a new NFI Red Crab Council is focusing on sustainability efforts in China and Vietnam for red crab. More information about the NFI Crab Council can be found at <http://www.committedtocrab.org>.

Thai Union is working with FisheryProgress.org to report all FIPs in which the company is involved. The platform was developed to take FIP criteria from the Conservation Alliance for Seafood Solutions (CASS) and serve as a backstop for legitimate FIP reporting. The advisory committee for the project includes WWF-US and the Sustainable Fisheries Partnership (SFP), while the website is managed by FishChoice on a day-to-day basis.

## CASE STUDY

### THAI UNION COMMITS TO AMBITIOUS SEABOS OCEAN STEWARDSHIP PLEDGE

Thai Union signed a ground-breaking pledge in November 2016 as part of our membership in the Seafood Business for Ocean Stewardship (SeaBOS); the pledge commits us to improving operations as well as challenges the rest of the seafood industry to follow, all with the goal of helping the world achieve the SDGs.

SeaBOS is a unique initiative that brings together some of the largest seafood companies in the world to identify science-based solutions to issues the industry faces.

In 2016, eight of the world's largest seafood companies, including Thai Union, joined together to form this initiative.

The companies that make up SeaBOS operate on every continent and in all segments of seafood production, from wild capture fisheries to aquaculture businesses.

By building trust and adopting science-based approaches, it creates positive change for our companies, our industry and the world.

The signatories specifically pledge to:

- Work diligently to eliminate IUU products and any form of modern slavery in our supply chains;

- Actively use and develop fish health management systems and health prevention methods before treatments;
- Make efficient use of aquaculture feeds and use fish feed resources from sustainably harvested stocks;
- Together with governments, actively improve existing regulations for fisheries, aquaculture and the ocean; and more.

The initiative is supported by numerous stakeholders, including the Stockholm Resilience Centre, the Beijer Institute of Ecological Economics, the Royal Swedish Academy of Sciences and others.

By building trust and adopting science-based approaches, it creates positive change for our companies, our industry and the world.



## CIVIL SOCIETY COLLABORATION

Our partnerships with civil society continued to benefit both Thai Union and the communities we work with throughout 2017.

Thai Union, in collaboration with the Labour Rights Promotion Network Foundation (LPN), developed and distributed an updated educational labor rights booklet for migrant workers in Samut Sakhon, Thailand. The booklet provides information on labor rights, child labor, children's rights and education, human trafficking, and emergency numbers. This community engagement initiative helps ensure migrant workers understand their rights under Thai law, as well as educates them about the risks of human trafficking and how to protect themselves. Thai Union and LPN also engaged in discussion to potentially launch a Labor and Fishermen's Center in Samut Sakhon to assist fishing and seafood sector workers who may be particularly vulnerable to exploitation, as well as local workers from agriculture, horticulture and manufacturing industries.

Thai Union and Issara Institute signed a Memorandum of Understanding (MOU) in February 2017, formalizing a strategic partnership that builds upon a history of successful collaboration between the two organizations since 2014 to improve conditions for workers within Thai Union's supply chain. The MOU establishes a framework of cooperation to incorporate Issara Institute's innovative worker

voice systems throughout Thai Union's supply chain, as well as build collaborative partnerships with company supplier facilities, both in and out of Thailand. In November 2017 Thai Union participated in the first Issara Institute Global Forum, presenting on our work on ethical recruitment. Thai Union and Issara Institute jointly presented at the Asia Region Anti-Trafficking Conference, also in November, to showcase how businesses and NGOs can work together.

In collaboration with the Migrant Workers Rights Network (MWRN), Thai Union conducted a training program in 2017 for our workers on labor rights and employee benefits under the Thai Labor Protection Act. The session provided information about wages, working hours and overtime and holiday pay, as well as social insurance benefits. Thai Union and MWRN jointly developed a bilingual Thai/Myanmar labor rights and employee benefits handbook for participants. This handbook was distributed to Thai Union workers.

## CASE STUDY

### THAI UNION CEO LACES UP SNEAKERS FOR GOOD



As part of a personal commitment to improving the long-term sustainability of the oceans, Thiraphong Chansiri, CEO of Thai Union, competed in the Virgin London Marathon in April 2017 and raised 322,000 Thai Baht—approximately \$10,000—for WWF-UK. The amount represented more than three times his fundraising goal.

The race took place on a beautiful spring day in London, with the challenging 26-mile course winding by some of the world's most iconic landmarks. Chansiri crossed the finish line on the Mall in front of Buckingham Palace in four hours and 28 minutes. "The work Thai Union is undertaking with WWF is vital in securing the future health of the oceans and, over time, will inform the way the entire industry operates," Chansiri said. "I am deeply committed to our partnership with WWF. Running the London Marathon has been one of my long-term ambitions, and I hope my efforts have

helped increase awareness of some of the key environmental issues that face our planet today."

"On behalf of all of us at WWF, a huge thank you to Thiraphong for taking on the challenge of the London Marathon and to everyone who sponsored him," said Tanya Steele, CEO of WWF-UK. "Chansiri has demonstrated his commitment to the future of our planet both on the roads of London and on Thai Union's journey toward sustainable seafood."

Additionally, in December 2017 Chansiri ran 106 kilometers and raised 14 million Thai Baht—approximately \$429,000—for Thai rock star Artiwara Kong-malai's charity run, which supported the "Kaokonlakao for 11 Hospitals Nationwide" project.



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# 05 SAFE AND LEGAL LABOR



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Thai Union is determined to promote safe and legal labor practices in the global seafood industry.

## BUSINESS ETHICS AND LABOR CODE OF CONDUCT

Thai Union continues to adhere to our revised Business Ethics and Labor Code of Conduct, which was released in 2015 to promote a higher level of accountability and transparency throughout our supply chain. The code is designed to guide the actions of our employees and suppliers to be consistent with our corporate values. It also serves as a frame of reference for our employees and suppliers to understand Thai Union's expectations of integrity throughout our supply chain and those of our suppliers.

Beginning in 2016, Thai Union employees worldwide signed an acknowledgement of Thai Union's expectation for employees to uphold the Business Ethics and Labor Code of Conduct's commitments. New employees are informed of the code on their first day of employment either during orientation by human resources or by their supervisor.

Furthermore, a sub-committee of the Global Sustainability Committee was established to facilitate the implementation and dissemination of the Business Ethics and Labor Code of Conduct and to ensure the code's successful rollout to Thai Union supply chains.

Thai Union is committed to providing safe, legal and freely-chosen employment in our facilities and supply chains.

All contracted and prospective suppliers that wish to conduct business transactions with Thai Union must sign an acknowledgement of the Business Ethics and Labor Code of Conduct, whereby they accept to strictly follow our mandatory principles and policies for human trafficking and forced labor. The code also applies to any sub-suppliers employed by primary suppliers in business with Thai Union.

The Business Ethics and Labor Code of Conduct is available on Thai Union's corporate website and available in 19 languages.



## CASE STUDY

### THAI UNION PARTICIPATES IN BALI PROCESS GOVERNMENT AND BUSINESS FORUM TO ADDRESS MODERN SLAVERY

Since it began in 2002, the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (Bali Process) has raised regional awareness of these namesake human rights issues. It is a forum for policy dialogue, information sharing and practical cooperation to help the region address these challenges.

Held in Perth, Australia in August 2017, Thai Union participated in the Bali Process Government and Business Forum, which allows governments to better engage the private sector to combat human trafficking, forced labor and related exploitation.

Through this initiative, CEOs and business leaders can advise government on how to prevent and combat human trafficking and related abuses and share experiences on best practices. Dr. Darian McBain, Thai Union's Global Director for Sustainable Development, participated in two speaking panels addressing issues of modern slavery in supply chains. She also had the opportunity to deliver a floor statement

highlighting Thai Union's efforts to eradicate these exploitative issues, in line with the company's sustainability strategy, SeaChange®. McBain shared examples of our efforts to protect human rights, including our Business Ethics and Labor Code of Conduct and our Ethical Migrant Worker Recruitment Policy, which stipulates zero-recruitment fees. Along with Walmart, Thai Union is leading the Government and Business Forum's working group on responsible recruitment.



## VESSEL CODE OF CONDUCT

In 2017, Thai Union published our first Vessel Code of Conduct (VCoC). This code will be applicable to vessels from which Thai Union sources around the world. Guidance for specific fleets will be developed in 2018. The program will be rolled out in 2018 and beyond, in accordance with the agreement reached between Thai Union and Greenpeace.

Learn more about the Vessel Code of Conduct at:  
<http://www.thaiunion.com/en/sustainability/code-of-conduct>

## CASE STUDY

### THAI UNION AND NESTLÉ LAUNCH DEMONSTRATION BOAT TO PROMOTE HUMAN RIGHTS IN FISHING INDUSTRY

Thai Union and Nestlé in 2017 launched the successful first departure of a demonstration boat built to raise awareness among fishing boat owners, captains and crew of best practices to ensure the fair, safe and legal treatment of workers on vessels in the Thai fishing industry.

The two companies, in collaboration with Verité, renovated a standard Thai fishing boat, transforming it into a modern model with improved working conditions and labor standards on board. The initiative was originally created in March 2016, supported by the Thai Ministry of Foreign Affairs (MFA), Southeast Asian Fisheries Development Center (SEAFDEC) and the Thai Department of Fisheries (DOF).

The vessel was renovated to meet standards set by the International Labour Organization's (ILO) C188 convention for human rights at sea, as well as to comply with Thailand's updated fisheries regulations. These regulations have been implemented progressively in the industry since 2015 to help secure the health, safety and welfare of seamen.

To meet these standards and regulations, boat owners should provide proper safety equipment as well as adequate and clean food and drinking water for the crew. Also, as demonstrated on



this vessel, appropriate rest, dining and leisure areas onboard is mandatory, along with a first-aid kit and toilet facility with proper sanitation standards.

Regularly scheduled viewings and training workshops in 2018 will demonstrate to boat owners and crew how to improve the working standards for fishers at sea.

The education opportunities and capacity building resulting from this project are the latest example of the positive progress made by stakeholders in Thailand committed to addressing human rights and illegal fishing issues. In the past, these concerns resulted in the European Union issuing a 'yellow card' against Thailand and its fishing industry for illegal,

unreported and unregulated (IUU) fishing, and the United States downgrading Thailand in its Trafficking in Persons Report. Due to progress, however, Thailand has subsequently been upgraded in the Trafficking in Persons Report from Tier 3 to the Tier 2 Watch List.

Thai Union and Nestlé helped fund development of the refurbished boat, including providing required tools and equipment, along with ongoing various expenses associated with its demonstration and training sessions.



# HUMAN RIGHTS AND ETHICAL LABOR PRACTICES

At Thai Union, we are determined to promote safe and legal labor practices in the global seafood industry. It is not only the right thing to do, but consumers and civil society increasingly expect businesses to demonstrate respect for human rights across their supply chains.

Therefore, being able to manage these issues effectively will help Thai Union be a leading global seafood company and continue to gain our stakeholders' trust and confidence.

The seafood industry is generally labor intensive and has a complex supply chain with many stakeholder groups involved. The industry faces real challenges like human trafficking, human rights abuses and labor exploitation. In most cases, these issues occur outside the direct operational control of a single company, and the complexities of the seafood industry prevent any single company or institution from solving them alone.

Two years ago, we conducted a Human Rights Due Diligence Process to help identify, visualize and manage any potential human rights risks early on in our fisheries supply chain. In 2016, in addition to our fisheries supply chain, we also conducted the Human Rights Due Diligence Process in our packaging, food ingredients and shrimp supply chains.

And in 2017, we published this information on our website to be more transparent about our manage-

ment approach to human rights. While the risks and challenges associated with each step in our supply chain may vary regionally, this process will continue improving our global ability to promote human rights within our supply chains.

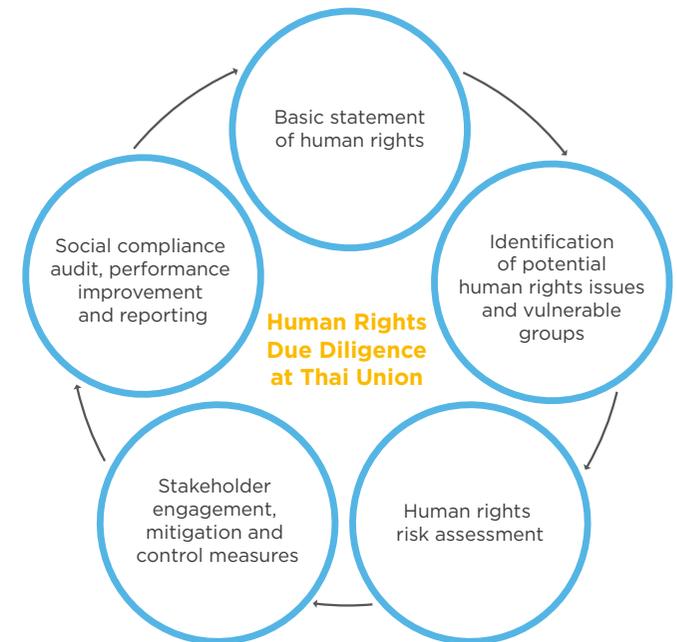
Since launching our Modern Slavery Act Transparency Statement in 2016 and the new Business Ethics and Labor Code of Conduct in 2015, we continued making progress in support of these policies throughout 2017.

We improved and expanded our due diligence processes to identify, prevent and mitigate any adverse human rights impacts we may have, using the United Nations (UN) Guiding Principles on Business and Human Rights and our corporate risk management framework as critical resources along the way.

## SUPPLIER APPROVAL PROCESS

Each raw material purchased by Thai Union from a supplier poses different risks and challenges. By conducting a pre-assessment at the beginning of our supplier procurement process, we can identify and mitigate many of these risks, including human rights risks. In 2016, Thai Union engaged SGS to support the development of a social compliance Self-Assessment Questionnaire (SAQ) for Thailand.

The SAQ looks at Thai Union's Business Ethics and Labor Code of Conduct and all applicable regulations,



as well as our capacity building efforts with suppliers. It is now standard practice to pre-assess all potential Thai Union suppliers upon acknowledgement of our Business Ethics and Labor Code of Conduct. The pre-assessment is administered by SAQ either electronically or as a physical inspection, as applicable. Only suppliers that pass the pre-assessment will qualify to do business with Thai Union. Those that fail the pre-assessment will have an opportunity to undergo a supplier performance improvement program, which helps suppliers develop their practices to meet Thai Union's social compliance requirements.

Additionally, in 2017 Thai Union developed a new program, which launched in 2018, focusing on human rights due diligence in the shrimp supply chain in Thailand. This program consists of mapping and traceability, auditing, engagement and capacity building.

## MIGRANT WORKER RECRUITMENT

Thai Union supports migrant labor to enhance people's lives and livelihoods as it often provides a good opportunity for workers and their families to access a better income than available in their home countries. Still, migrant workers are exposed to a variety of vulnerabilities, including exploitation, human rights abuses and human trafficking. Thai Union, however, seeks to ensure migration occurs safely and legally.

We have issued and implemented an Ethical Migrant Worker Recruitment Policy and an identification process of high-risk areas where close monitoring and mitigation measures must be in place to prevent human rights violations. Our intent is that these initiatives will help protect the human rights of migrant workers and avoid instances of bonded or forced labor or human trafficking. Specifically, the initiatives aim to ensure migrant workers receive full disclosure prior to hire, they are provided a safe and healthy work environment, and they have freedom of movement.

## ETHICAL LABOR PRACTICES

Since the launch of Thai Union's Business Ethics and Labor Code of Conduct and our commitment to the UN Global Compact Principles, Thai Union has developed and implemented different initiatives to ensure our 2020 milestones for safe and legal labor are met.

## CASE STUDY

### SAFE AND LEGAL RECRUITMENT FOR MIGRANT WORKERS IN SOUTHEAST ASIA

Economic migrants are in search of better employment opportunities and higher standards of living worldwide.

However, that journey is sometimes made at great personal risk to those workers. The International Labour Organization (ILO) notes that around the globe migrant workers are particularly vulnerable to forced labor.

Southeast Asia is no exception. Increasingly, workers from Cambodia and Myanmar look toward Thailand for economic opportunities their own homelands are currently unable to offer.

And, according to Finnwatch, not only are Thailand's migrant workers susceptible to discrimination, but they can be

coerced into paying high recruitment fees on the way from their home country to secure a job. This means migrants seeking legal employment might find themselves deeply indebted before the work begins—buried in debt that often takes years to repay. Thai Union is actively working to combat these exploitative practices.

We have a workforce in Thailand composed of workers primarily from Thailand, Myanmar and Cambodia, recruited through formal channels engaging licensed recruitment agents in Cambodia and Myanmar. We focus on reducing the potential for abuse and extortion by agents and brokers in the recruitment of these workers. Debt bondage resulting from recruitment has no place in Thai Union's workplaces. So, we eliminated recruitment fees for all workers in our factories and processing plants, effective for all future recruitment of workers both from (continued on page 65) ...



## CASE STUDY (continued)

within Thailand and overseas.

Additionally, from 2015, Thai Union rolled out our revised Business Ethics and Labor Code of Conduct. It covers the recruitment and treatment of workers, stipulating protocols on employee welfare, benefits, wages, age, the right to freedom of association, the right to collective bargaining, and non-negotiable frameworks for health and safety. The code, which all suppliers must sign and adhere to, sets a baseline for expected behavior across Thai Union's supply chain.

The elimination of recruitment fees follows Thai Union's continued development of our Ethical Migrant Worker Recruitment Policy, which was welcomed by the Migrant Workers Rights Network (MWRN). The organization mapped all Thai Union factories and processing plants in 2016, which highlighted challenges in recruitment and required an urgent response. Thai Union also works with the Issara Institute and provided a case study for their Slavery Free Recruitment Systems issue brief.

It is important for the industry and its stakeholders to work closely together throughout the recruitment

process, and impress upon agents and brokers that verifiable, ethical behavior is imperative and necessary to conducting business now and in the future.

By committing significant resources and time to dealing directly and building stronger relationships with recruitment agents and NGOs in Myanmar and Cambodia, Thai Union has been able to map out recruitment processes more effectively, with MWRN providing oversight and supervision, thereby reducing costs and complexities.

These initiatives are the result of a shared commitment to improving working conditions for all Thai Union staff. We have led the way in adopting stringent policies and rules within the Thai seafood industry to show everyone that change is possible. But it is essential to have partners who can help us see our workplace through the eyes of employees and continue to drive understanding around best ethical practices.

Moving forward, one of the key platforms in developing a truly sustainable future is the need for all employees to have access to safe and freely-chosen employment.

The journey isn't easy—we need to help create a new business model for agencies recruiting workers for overseas jobs.

Though there is always more that can be achieved, Thai Union will continue to do our part to stamp out problems, as well as enforce our Business Ethics and Labor Code of Conduct, ethical migrant worker program and zero-recruitment fee policy. Suppliers that fail to work to meet these standards will be unable to remain a supplier to Thai Union.

But it is paramount other leaders, both from the seafood industry as well as other industries, along with governments, NGOs and all stakeholders, collaborate to put an end to abuses of workers in pursuit of legal employment. As long as unethical agents and brokers find willing partners in unscrupulous businesses, workers will continue to be exposed to abusive and exploitative practices in their search for legal employment and better lives.



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# 06 RESPONSIBLE SOURCING

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

## SUPPLY CHAIN MANAGEMENT

The seafood industry is complex, whether looking at wild-caught or aquaculture fisheries. Given the complexities of the seafood industry, we recognize the importance of proactively addressing both emerging and ongoing issues in our dynamic business environment.

Supply chain management—the heart of the Responsible Sourcing program within our SeaChange® sustainability strategy—is vital to the effective and successful management of our business. Without full traceability of our supply chain, we cannot begin to understand its risks. As such, we refer to traceability as the backbone of SeaChange®. Our Responsible Sourcing program focuses not only on transparency, but also on engagement. We view our suppliers as partners, and we support and encourage them to meet the high Thai Union standards our customers and other stakeholders expect.

Like most sectors, the seafood industry has inherent risks that Thai Union actively works to mitigate. These risks include:

- Illegal, unreported and unregulated (IUU) fishing, a legal compliance risk;
- Labor and human rights violations, a social risk; and
- Fish stock depletion, an environmental risk.

Our supply chain management approach primarily focuses on the sourcing of raw fishery and aquaculture materials as these processes have the highest potential to carry risk. But we also recognize the need to manage our supply chains for a range of other categories—from packaging to non-seafood ingredients to logistics.

### DIGITAL TRACEABILITY

Digital traceability continues to be an important part of our supply chain management. Our custom-built traceability system, Trax, provides us with digital data management of can trackers, which are found on our brands' products around the world. In 2017, Trax was expanded to cover more of our facilities and supply chains (continued on page 70) ...

## CASE STUDY

### GOING DIGITAL FOR SUSTAINABILITY

Thai Union is taking major steps to bring full transparency and digital traceability into our supply chain—something the entire seafood industry must work toward for a sustainable future.

Digital traceability—the ability to track a product from its place of origin all the way to the consumer electronically—in supply chains benefits producers and consumers as it introduces a whole new level of transparency to the fishing and seafood industry.

Consumers around the globe want to know where the food on their plates comes from and that it meets the highest quality and sustainability standards.

But tracing seafood's origins is challenging since activities that take place at sea can be difficult to monitor or supervise. All too often, only those on boats understand the conditions faced and the type of fishing being conducted. This lack of monitoring

can lead to unacceptable labor and fishing violations, resulting in human rights abuses along with illegal, unreported and unregulated (IUU) fishing. To tackle the problem, Thai Union, Mars Petcare and Inmarsat, along with a coalition of other industry and government groups such as the U.S.

Agency for International Development's Oceans and Fisheries Partnership (USAID Oceans), launched a digital traceability pilot program in 2017. Inmarsat's "Fleet One" terminals were successfully installed on fishing vessels in Thailand, while the crew members, captains and fleet owners were trained on "Fish Talk" chat applications developed by Xsense, which enable workers at sea to connect with families and peers around the world—an industry first for Thai fisheries. The pilot program will test scalable platforms for electronic Catch Data and Traceability (eCDT) systems that utilize mobile applications and satellite connectivity, making it possible to demonstrate true (continued on page 69) ...

## CASE STUDY (continued)

electronic end-to-end traceability and supply chain management. “The success of this pilot project could really mean a significant transformation in the seafood supply chain because for the first time there will be connectivity at sea, enabling not only real-time catch data, but also giving workers at sea an opportunity to connect with their families on land and possibly peers on other boats,” said Isabelle Aelvoet, Global Sustainability Director of Mars Petcare. “This ultimately gives workers at sea a voice.”

Currently the fishing industry is reliant upon paper-based systems, in part because it is more difficult to provide connectivity on a constantly moving fishing boat via satellite at an affordable cost than it is at a static farm or factory. Today, even many of the most ethical and sustainable seafood companies use paper-based systems to track at least part of the supply chain. But any paper-based system lacks efficiency and is susceptible to simple human error.

Fortunately, the fishing industry has evolved significantly, making the unimaginable years ago, now possible. The real-time information derived from digital traceability, such as electronic catch data, helps seafood companies, partners and governments work to minimize IUU fishing and monitor labor standards on vessels. This better

protects fisheries and the environment and helps uphold human rights, reducing supply chain risks for Thai Union and other seafood companies. “We can now use our phone when we’re out at sea and there’s no signal,” said Than Zin Ko, a Burmese fisherman.

Hla Hla Myo, the partner of a Burmese fisherman said: “This software installation has provided us with greater convenience. We’ve been able to talk by phone at any time since it’s been installed. We have continuous communication.”

As the fishing industry continues to evolve, there is increased hope that this pilot project has the ability to not only improve traceability and transparency—the backbone of SeaChange®, Thai Union’s sustainability strategy—throughout Thai waters, but it will also help improve the greater fishing industry.

“Many of the issues we find in Thailand replicate themselves in other fishing communities around the world, so we hope the trials we’re doing here will have ramifications in fishing industries globally,” said Dr. Darian McBain, Thai Union’s Global Director for Sustainable Development.



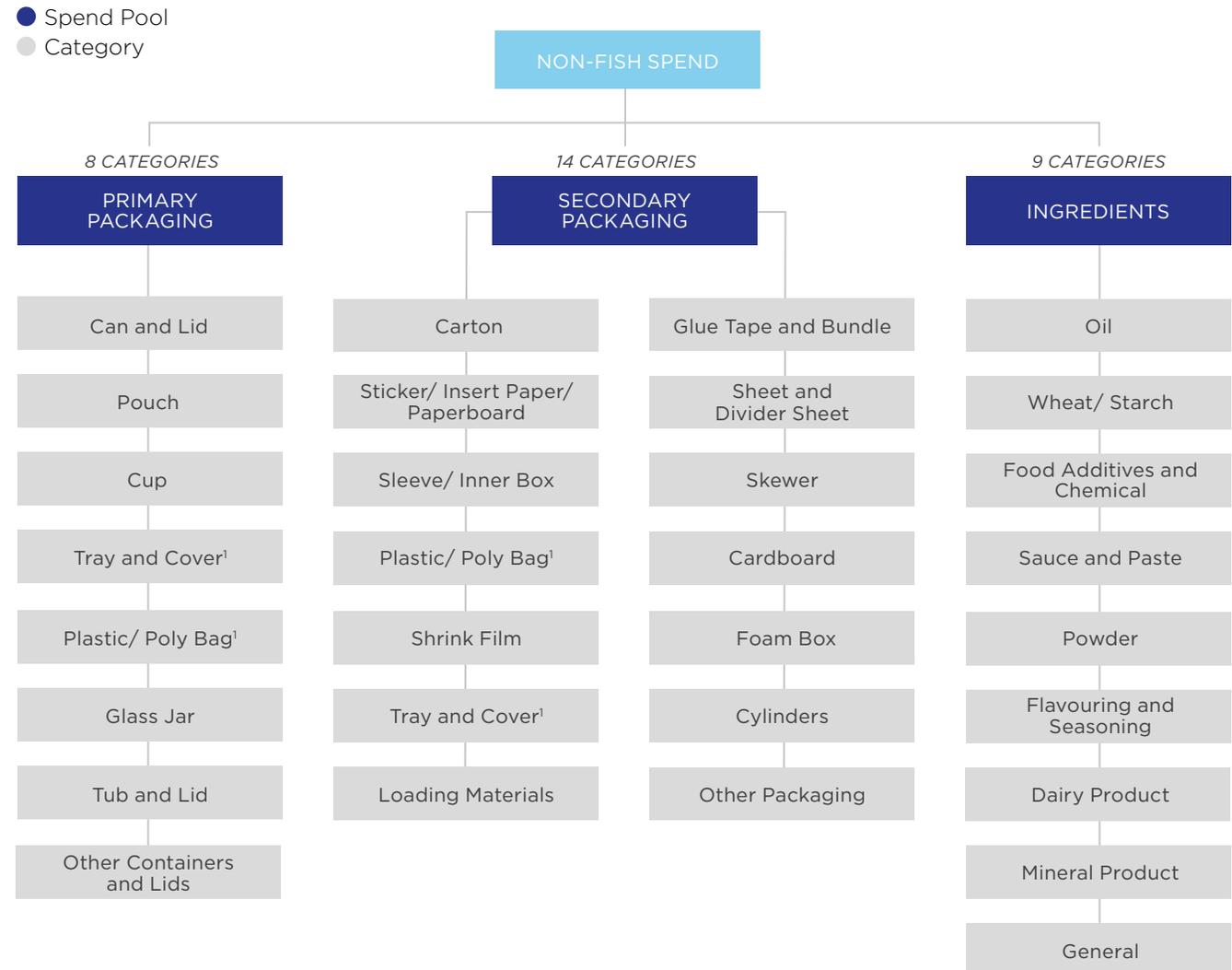
The Trax digital mapping system provides better visibility into our supply chain, which helps Thai Union conduct an effective risk analysis. For our wild-caught species, we also started conducting thorough stock and market analysis on a monthly basis, enabling us to more accurately forecast fish availability. The analysis takes into consideration a number of conditions, including stock status, fishery regulations and closure periods, climatic conditions, ocean currents and more.

### SPEND ANALYSIS OF GLOBAL NON-FISH PROCUREMENT

Since 2015, Thai Union has conducted a spend analysis of non-fish procurement categories across Thai Union’s worldwide facilities, including packaging, ingredients and logistics. Based on the analysis, Thai Union is developing and implementing a joint initiative across different facilities to work toward a more efficient and integrated procurement network. The initiative will also set effective measures for supply chain risk management and efficiency gains. In 2017, an in-depth study of our global tin, can and lid packaging supply chains was completed. This assessment formed the basis for a new group-wide supply chain management approach and will be expanded in 2018 to assess Thai Union’s plastic packaging supply chain.

Information from these assessments helps form the baseline for our sustainable packaging commitment and ongoing improvements to the utility and sustainability of our packaging.

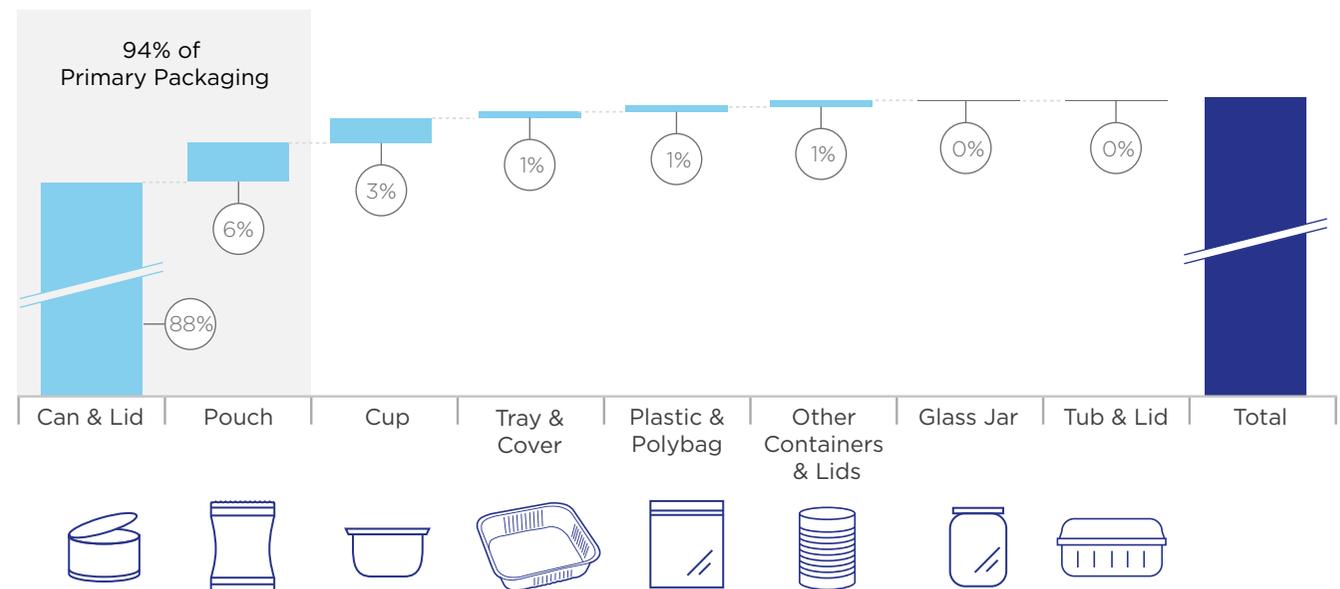
### THAI UNION PACKAGING AND INGREDIENTS PURCHASING





**TOP TWO CATEGORIES IN PRIMARY PACKAGING CONTRIBUTE 94 PERCENT, CAN AND LID CONTRIBUTE ~88 PERCENT OF SPEND**

**Spend by category: Packaging - Primary**



**SUPPLIER ASSESSMENT PROCESS**

Since launching our updated Business Ethics and Labor Code of Conduct in 2015, we have started formalizing a supplier approval process. This helps ensure we procure from qualified suppliers that meet Thai Union’s procurement criteria, including environmental, social, legal compliance and governance aspects. We evaluate suppliers against our procurement criteria at all stages of the procurement cycle—including prospective and existing suppliers.

All prospective and contracted suppliers must acknowledge and sign our Business Ethics and Labor Code of Conduct. In Thailand, prospective suppliers will then be pre-assessed to determine whether they meet Thai Union’s requirements by completing a one-time Self-Assessment Questionnaire (SAQ). Those that pass the SAQ are confirmed as approved suppliers, and procurement can begin.

A local purchasing committee will evaluate suppliers and determine their ratings on a rolling basis. Any suppliers identified as high-risk—especially those associated with environmental, social and governance issues—will receive a third-party audit to verify their ability to meet Thai Union’s Business Ethics and Labor Code of Conduct. High-risk suppliers that do not pass the audit have an opportunity to undergo a supplier performance improvement program to meet our compliance requirements. If at the end of the program the gaps are closed, procurement can resume; if the gaps remain, procurement is discontinued.

All Thai Union contracted suppliers globally are subject to internal or third-party audits at any point during the procurement cycle—not just the ones with a high-risk profile. We randomly select a percentage of our suppliers to verify their capacity to strictly follow our Business Ethics and Labor Code of Conduct, to help avoid non-compliance. In Thailand in 2017, SGS trained our auditors on social compliance with our standards and Thai labor laws, and SGS provided announced social audits for 10 percent of our non-fish procurement supply base.

**SHRIMP SUPPLY CHAIN MANAGEMENT IN THAILAND**

In 2017 we embarked on a large-scale program to audit, improve and enhance social compliance within the shrimp supply chain in Thailand. The project will complement the increase in certified farms by raising the social standards of non-certified farms

to Best Aquaculture Practice (BAP) equivalence, with an emphasis on compliance with both local and importing-country regulatory requirements. The program will be rolled out digitally in 2018, improving not only Thai Union’s supply chain but also the lives of farmers and fishers working in the Thai shrimp supply chain.



- 1 Technical auditor training for in-house shrimp audit team.
- 2 Practical auditor training for in-house shrimp audit team.
- 3 Shrimp broker training for compliance with our Business Ethics and Labor Code of Conduct and shrimp social compliance program.

1

2

3

## CASE STUDY

### THAI UNION COMMITS TO WORLD ECONOMIC FORUM TUNA TRACEABILITY COMMITMENT

At a 2017 World Economic Forum (WEF) meeting in New York City, Thai Union committed to the WEF's Tuna 2020 Traceability Declaration. The Declaration supports the United Nations (UN) Sustainable Development Goals (SDGs), which were adopted by all 193 Heads of State via a UN Resolution in September 2015.

The Tuna 2020 Traceability Declaration has been endorsed by leaders of the world's biggest retailers, tuna processors, marketers, traders and harvesters, with the support of influential civil society organizations and governments. The entities endorsing the Tuna 2020 Traceability Declaration have committed to concrete actions and partnerships to implement the Declaration and its Action Agenda.

"At Thai Union, we recognize that tuna is not just a product, it's a vital source of nourishment or employment for at least 1 billion people across the globe," said Dr. Darian McBain, Thai Union's global director for sustainable development, during a panel of seafood industry leaders hosted by the WEF. "As an industry leader, it is our responsibility to work with other stakeholders to ensure that tuna is sustainably caught, processed and brought to market."



In line with our sustainability strategy, SeaChange®, in 2016 Thai Union announced an ambitious \$90 million strategy to ensure 100 percent of our branded tuna is sustainably sourced with a commitment of achieving a minimum of 75 percent by 2020. As part of the new tuna strategy, we are investing in initiatives that will increase the supply of sustainable tuna. This includes establishing 11 new fishery improvement projects (FIPs) around the world. A FIP is a program to transform a fishery, ensuring sustainable fish stocks, minimized environmental impacts, and improved management of the fishery.

McBain continued, "Traceability is the backbone of our sustainability program, bringing human rights, environmental performance and regulatory compliance together."

Thai Union will report on our progress toward our global tuna commitment regularly.

To learn more about it, visit <http://seachangesustainability.org>.



## FISHERY RAW MATERIAL SOURCING AND FISHERY IMPROVEMENT PROJECTS

In 2017, Thai Union took another important step toward improving the sustainability of global tuna fisheries. In conjunction with other major regional actors, such as fleets, processors, governments and non-governmental organizations, we successfully launched five large-scale tuna fishery improvement projects (FIPs): one in the Pacific Ocean, one in the Indian Ocean, and three in the Atlantic Ocean.

These FIPs were launched to support Thai Union’s Tuna Commitment, which aims to source 100 percent of our branded tuna from fisheries that are either Marine Stewardship Council (MSC) certified or engaged in FIPs to move them toward MSC certification. Thai Union has fully embraced the MSC certification, which is now globally recognized as the most robust sustainability standard for sustainable fisheries. We use MSC principles as a standardized tool to measure the sustainability performance of the various fisheries we source from.

Thai Union will achieve our Tuna Commitment by initiating 11 tuna FIPs across a wide range of geographies over the next two years. Once launched, each of our FIPs will be listed on [www.fisheryprogress.org](http://www.fisheryprogress.org), which will serve as an independent validation of progress and will provide our stakeholders with information.

In addition to Thai Union’s tuna FIPs, we have also engaged in FIPs targeting species such as mackerel and sardine. Presently, Thai Union is an active partner

in a sardine FIP in Morocco; the FIP has been running for over three years, which means the fishery will receive a MSC certification assessment, potentially in 2018.

Sourcing from FIP and MSC fisheries requires Thai Union to adapt to new supply circumstances, including an increase in the cost of fish raw material.

Despite the immediate short-term financial downside this may present, Thai Union’s commitment and active contribution toward more sustainable fisheries is stronger than ever. Our investment in FIPs is part of our commitment to the United Nations Sustainable Development Goal (SDG) 14, Life Below Water, and

SDG 2, Zero Hunger.

We aim to bring as many others with us on this journey toward fish stock sustainability to help ensure the oceans continue to thrive and communities continue to benefit from healthy and sustainably caught seafood. Thai Union will keep engaging with conservation groups and governments, as doing so has proven a powerful tool to help improve seafood sustainability and the overall health of our oceans. And, collaborations between the private sector, public sector and civil society have significantly helped address challenges facing fisheries by incentivizing positive change.

### Tuna sourced from ISSF PVR vessels

Proportion of tuna purchased from PVR listed vessels for all fishing gear types

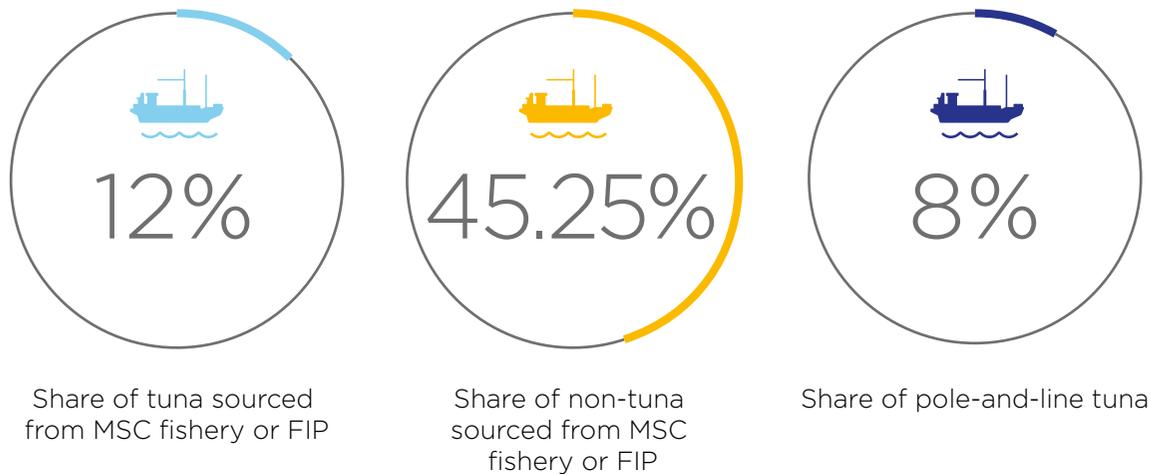


\*Decrease from 2016 to 2017 is due to larger purchase volume in 2017. This included more vessels not PVR listed, including pole-and-line. One-hundred percent of our purchase from large scale purse seiners are PVR listed.

**Thai Union brands implemented consumer-facing can tracker tracing products to fishing vessels**



**Fishery responsible sourcing performance 2017**



Note: Entire TU purchases in the year 2017. Non-tuna species include crab, wild salmon, sardines, mackerel, lobster, Pollock, sole, herring and cod.

**CASE STUDY**

**THAI UNION DONATES TO FISHERY IMPROVEMENT PROJECTS IN INDONESIA**

Thai Union donated \$50,000 to fishery improvement projects (FIPs) in East Indonesia in 2017. The donation supports pole-and-line fisheries as well as overall sustainability for skipjack and yellowfin tuna stocks. It will help bring together leading stakeholders in Indonesia—including industry, fishermen, government, non-governmental organizations and academia—to work collaboratively toward sustainability and influence change in the ocean through the implementation of various sustainability and responsible sourcing programs across the tuna supply chains.



## CASE STUDY

### INDIAN OCEAN TUNA PURSE SEINE FISHERY IMPROVEMENT PROJECT

In 2017, Thai Union launched a tuna fishery improvement project (FIP) in the Indian Ocean with a series of other stakeholders, including seafood companies. This project addresses the majority of European Union-, Seychelles- and Mauritius-flagged purse seine vessels fishing for tropical tuna in the Indian Ocean.

The Indian Ocean tuna purse seine FIP is important as it facilitates the development, discussion, implementation and monitoring of measures to improve management of the three most important commercial tropical tuna species in the Indian Ocean. This FIP works toward Thai Union's Tuna Commitment as well as seafood sustainability commitments as part of our partnership with World Wildlife Fund (WWF).

A FIP is a well-respected process to improve fisheries' sustainability over a set timeframe, with a final goal of receiving certification from the Marine Stewardship Council (MSC).

FIPs:

- Ignite partnerships between producers, buyers, researchers and governments;
- Are based on a MSC pre-assessment;
- Involve partnership agreements with a secretariat, a coordinator and technical facilitators;



- Have an action plan with measurable indicators and an associated budget; and
- Undergo regular evaluations to track progress.

Following a previously failed attempt for certification of purse-seine caught yellowfin, bigeye and skipjack tuna fisheries, the stakeholders involved in the Indian Ocean tuna purse seine FIP identified the fisheries' weaknesses and have since completed a series of MSC pre-assessments. As part of the process, the FIP stakeholders made commitments to abide by best fishing and fishery management practices. The FIP will be completed when all the agreed upon initiatives have been successfully implemented and the corresponding goals achieved. The fisheries will then be assessed against MSC standards to attain MSC

certification.

By supporting a number of FIPs globally to help them reach MSC standards, Thai Union clearly demonstrates our commitment to improving the sustainability of fisheries around the world. As a market leader, we will continue investing in strong partnerships and frameworks to move fisheries toward MSC-certified levels of sustainability. FIPs help us ensure a high level of transparency in our operations, which is essential to the continued growth of our business.



## CASE STUDY

### THAI UNION EDUCATIONAL ASSETS RAISE AWARENESS OF FISHERIES AND FISHERY IMPROVEMENT PROJECTS

When people discuss how to best approach long-term sustainable development in the fishing and seafood industry, 'fisheries' and 'fishery improvement projects (FIPs)' are frequently used terminology. Because these terms are used so often, it is incredibly important to Thai Union to raise awareness and help ensure understanding about these subjects more widely, so the entire industry can achieve its sustainability goals.

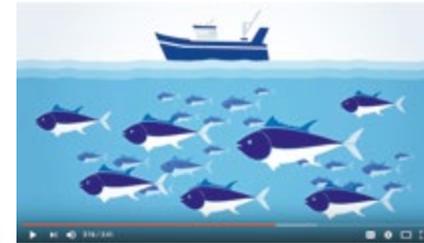
With that in mind, Thai Union produced and released two informational videos to raise public awareness and understanding on fisheries and FIPs in 2017. Additionally, we developed an infographic to highlight our FIP 2020 Roadmap.

These resources help improve understanding on the basics of what fisheries are and why FIPs are the best path toward sustainable fish. FIPs are an important platform designed to secure the sustainability of marine resources for future generations and are part of the solution to secure life in oceans.

The production of these educational multimedia resources is in line with Thai Union's sustainability strategy, SeaChange®, and its aim to influence change for the whole of the global seafood industry. The videos and infographics are available on Thai Union's website, YouTube channel, as well as on the SeaChange® website.



What is a Fishery?



Fishery Improvement Projects



## AQUACULTURE RAW MATERIAL SOURCING

Aquaculture has grown at an impressive rate in recent years, with communities and companies of all sizes involved in the industry. In many countries with sufficient supplies of natural resources, labor and suitable weather conditions, aquaculture exports continue to rise in volume and value. Filling the gap between fishery product supply and demand, aquaculture yields a consistent source of nutritious food, provides employment opportunities, and contributes to local economies—particularly in rural areas.

Aquaculture typically involves a complex supply chain with many stakeholders, including feed producers that source from fishing vessels or factory byproduct processing plants; hatcheries; farms; and processing plants. To responsibly meet global demands for food, companies must effectively manage their aquaculture supply chains by refraining from depleting natural resources through excessive and irresponsible harvests, and by demonstrating transparency. With Thai Union's sustainability program, SeaChange®, we are helping lead the aquaculture industry toward more sustainable practices throughout its supply chains. This includes sourcing products from locally or internationally certified facilities, auditing and improving labor conditions in the shrimp feed supply chain, providing full traceability from feed to farm to

processing, and sourcing from vessels with meaningful sustainability efforts.

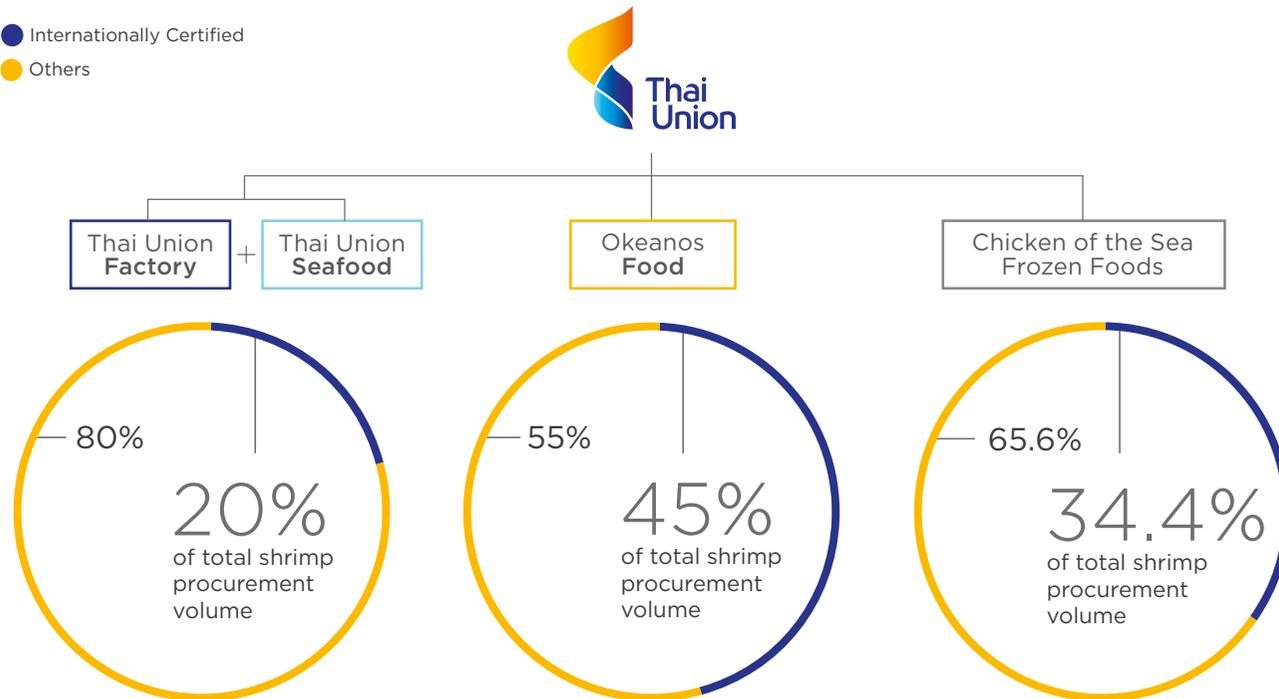
The majority of the aquaculture species processed at Thai Union's facilities are shrimp and salmon. Our supply chain consists of qualified third-party suppliers and a company-owned, vertically integrated supply chain that strictly follow our standards. Our vertically integrated supply chain holds Best Aquaculture Practices (BAP) certifications for our processing plants, farms, hatchery and feed mills based in Thailand. Our aquaculture supplier procurement practices operate to a uniform global standard, and our aquaculture suppliers stringently follow Thai Union's Business Ethics and Labor Code of Conduct and our Aquaculture Responsible Sourcing Guidelines, which collectively address key social, legal, environmental and food safety issues associated with farmed seafood.

With a growing global demand for seafood, Thai Union established a dedicated network of personnel who, working closely with our suppliers, support them in meeting internationally credible aquaculture certification standards such as BAP, Aquaculture Stewardship Council (ASC), GLOBAL G.A.P., and the Southeast Asian Shrimp Aquaculture Improvement Protocol (SEASAIP).



**Share of shrimp raw materials sourced from internationally certified farms**

- Internationally Certified
- Others

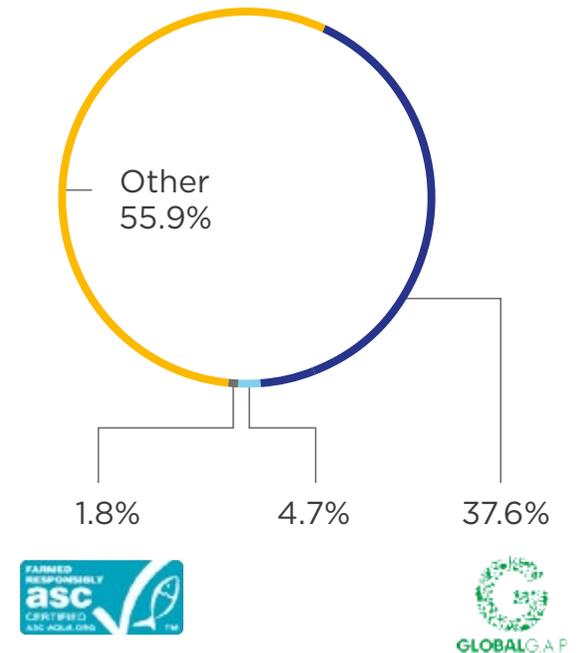


Traceability is the backbone of our sustainability strategy; it will not only improve transparency for our consumers, but it also helps us effectively address the risks within our supply chain. In 2018, we will complete the final stages of development and implementation of Thai Union’s in-house digital traceability system for aquaculture products sourced from Thailand.

To address the need for sustainably sourced aquaculture feeds, Thai Union is working with the Seafood Task Force, an industry alliance, to maintain

**Share of internationally certified farmed salmon sales revenue**

Thai Union Europe Chilled



an upstream traceability system of our feed ingredients through feedlot number recording (FIF) and Marine Catch Purchasing Document (MCPD). We are also exploring potential alternatives to replace the fishmeal used in aquafeeds with sources of protein that are considered more sustainable and readily traceable. With these efforts, we intend to help minimize any negative aquaculture supply chain impacts on wild capture fisheries; help eliminate illegal, unreported and unregulated (IUU) fishing; and more effectively manage social compliance.

# AQUACULTURE IMPROVEMENT PROJECTS

Growing concern for the adverse impacts of aquaculture has led to an increased demand for seafood products sourced from internationally certified facilities that address food safety, the environment, and safe and legal labor. Through aquaculture improvement projects (AIPs), Thai Union has provided financial and training support to our partner farms and facilities. By doing so, we are helping these aquaculture partners achieve third-party accreditation from BAP, ASC or other credible, customer-driven standards.

## CASE STUDY

### THAI UNION CAPACITY BUILDING PROGRAM

Thai Union has provided a capacity building program to our partner farms to help them improve their farm management practices to meet the standards of BAP; Asian Seafood Improvement Collaborative (ASIC), SEASAIP’s lead organization; SEASAIP;

and ASC. We also assisted our partner farms in addressing key technical improvements and conditions set by these standards, such as legal compliance, labor management, biosecurity, disease control and water management.



NAME OF THE STANDARD	NUMBER OF FARMS THAT UNDERGO AIP OR PRE-ASSESSMENT AGAINST STANDARD REQUIREMENTS	NUMBER OF FARMS CERTIFIED ACCORDING TO THE INTERNATIONAL AQUACULTURE STANDARDS IN 2017
BAP Farms	19	59
SEASAIP Farms	2	1
ASC Farms	2	0
Whole Foods Farms	2	8
Tesco Welfare Farms	3	5

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# 07 RESPONSIBLE OPERATIONS

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Thai Union has many initiatives in place to help ensure we operate responsibly.

# CLIMATE CHANGE AND ENVIRONMENTAL PROTECTION

## SCOPE 1 & 2 GREENHOUSE GAS EMISSIONS TARGET



### 2020 TARGET



Reduce GHG emissions by **30 percent** per ton of production\*  
\*compared to the base year, 2016

initiatives: improving operational efficiency in our production lines; investing in more efficient equipment and processes; developing and deploying innovations or new technologies; and

promoting renewable energy. To develop relevant action plans for our business operations, Thai Union established six modules, for which the progress is shown below.

Thai Union has established emissions mitigation programs in various countries as we recognize the serious impact of greenhouse gases (GHG) on climate change and global warming, especially to marine and coastal biological diversity. Thai Union supports the Paris Agreement's global goal to reduce GHG emissions, which was established at the 21<sup>st</sup> Conference of the Parties of the United Nations Framework Convention on Climate Change. We are also targeting a reduction in GHG emissions by at least 30 percent of our 2016 base year levels, by 2020. With these efforts, Thai Union is moving toward becoming a low-carbon organization and reducing the impact of GHG on the environment and society.

Thai Union is creating a mitigation plan based on our climate change risk assessment, which we have conducted since 2015. This plan will help meet the International Energy Agency's goal of minimizing global temperature rise to no more than 2 degrees Celsius within the energy sector. Our GHG emissions reduction strategy involves four main

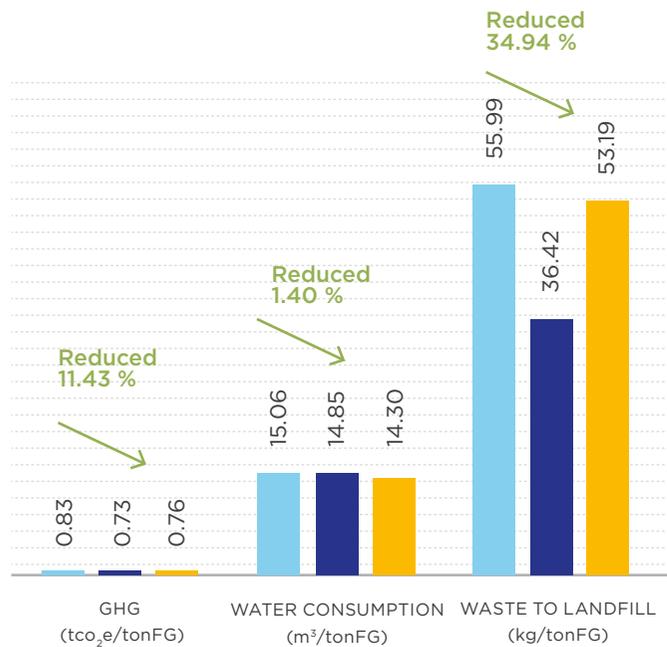
### Vision and Mission Statement

● Programs already implemented in 2017   ● Programs are on process   ● Programs will be implemented in 2018

GHG Accounting	GHG Reduction	Risk Mitigation	Opportunities	Engage and Disclose	Ensure Accountability
<ul style="list-style-type: none"> <li>Environmental &amp; GHG reporting training</li> </ul>	<ul style="list-style-type: none"> <li>Set up TU corporate goal for 30% reduction in 2020 against 2016</li> </ul>	<ul style="list-style-type: none"> <li>All sites set up their mitigation plans to reduce GHG emission</li> </ul>	<ul style="list-style-type: none"> <li>Promoting low carbon product &amp; packaging innovation</li> </ul>	<ul style="list-style-type: none"> <li>Climate change strategy disclosure in SD and DJSI</li> </ul>	<ul style="list-style-type: none"> <li>Establish EHS committee</li> </ul>
<ul style="list-style-type: none"> <li>ISO 14064 GHG Management Training</li> </ul>	<ul style="list-style-type: none"> <li>All sites set up their targets to align with TU group</li> </ul>	<ul style="list-style-type: none"> <li>Conduct GHG mitigation audits &amp; plans for TUM, TUF and IOT</li> </ul>	<ul style="list-style-type: none"> <li>Encourage and support to do CFO/CFP</li> </ul>	<ul style="list-style-type: none"> <li>Engage with authorities from government and private sectors such as TGO, UN, USAID and so on</li> </ul>	<ul style="list-style-type: none"> <li>Organize EHS champions to suggest and evaluate in new technologies/practices</li> </ul>
<ul style="list-style-type: none"> <li>Develop EHS reporting program (Enablon)</li> </ul>		<ul style="list-style-type: none"> <li>Establish solid TU GHG mitigations plans to achieve 30% reduction target</li> </ul>			<ul style="list-style-type: none"> <li>Champions incentive for success</li> </ul>
<ul style="list-style-type: none"> <li>EHS data verification by third party</li> </ul>					

## GLOBAL ENVIRONMENTAL PERFORMANCE Y2016 VS Y2017

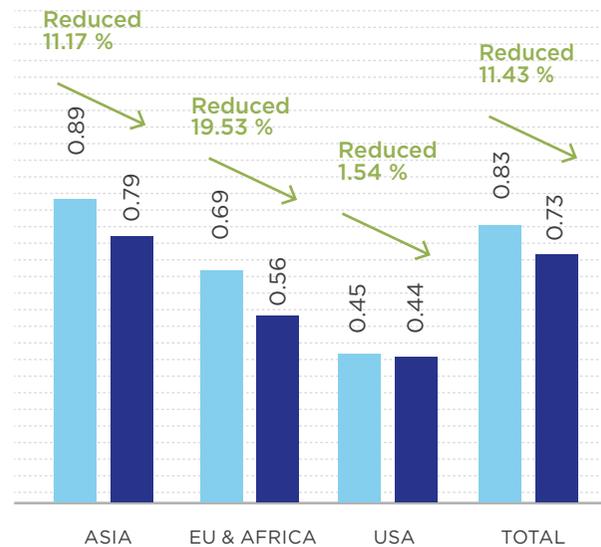
● Y16 ● Y17 ● YOY Target



In 2017, we reduced our GHG emissions beyond our target through our continuous efforts in implementing and promoting environmental and GHG mitigation initiatives, accounting and audits. In 2017, we reduced our GHG emissions intensity by 11.43 percent, or about 55,489,695 kg CO<sub>2</sub> equivalent, compared to 2016. Our energy and GHG reduction programs reduced our costs by more than \$16 million.

## GHG PERFORMANCE Y2016 VS Y2017 BY ZONE

● Y16 ● Y17



Beginning in 2017, we implemented more than 53 energy and GHG emissions reduction projects. The majority of these initiatives focused on improving boiler efficiency and using biomass boilers for our steam production process, improving efficiency for CO<sub>2</sub> consumption in our cryogenic freezing process, improving machine efficiency, LED replacement, methane recovery from our wastewater treatment plant, and promoting

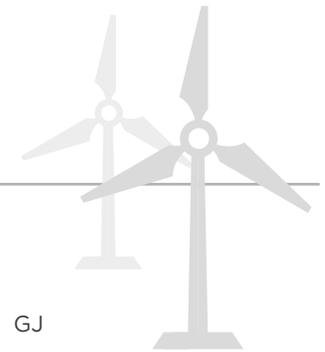
IN 2017, THAI UNION REDUCED GHG EMISSION INTENSITY BY **11.43 PERCENT** COMPARED TO THE 2016 BASE YEAR, WITH A TOTAL COST SAVINGS OF MORE THAN **\$16 MILLION**

## IN 2017, WE IMPLEMENTED

53 Energy projects

Environmental projects  
75,013 GJ

Saving more than  
53,350,606 million Thai Baht



renewable energy.

Most of our GHG emissions reduction projects in 2017 involved improving the boiler efficiency in our steam production process, which reduced fuel consumption by around 329,660,604 MJ.

## TOTAL GHG EMISSIONS FOR SCOPE 1 AND 2 IN EACH ZONE

### GHG Scope 1

- Asia
- EU & Africa
- USA



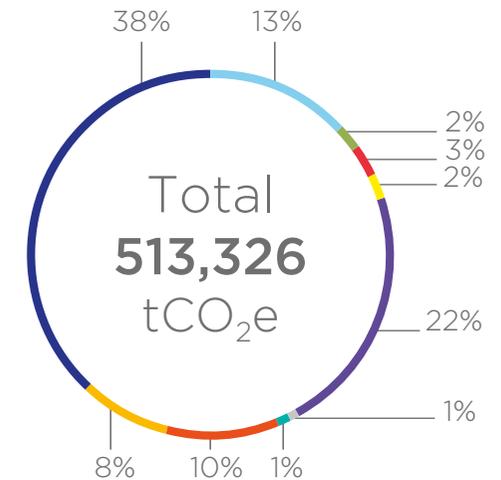
### GHG Scope 2

- Asia
- EU & Africa
- USA



## THAI UNION GHG EMISSIONS BY SOURCE

### GHG Content by Source



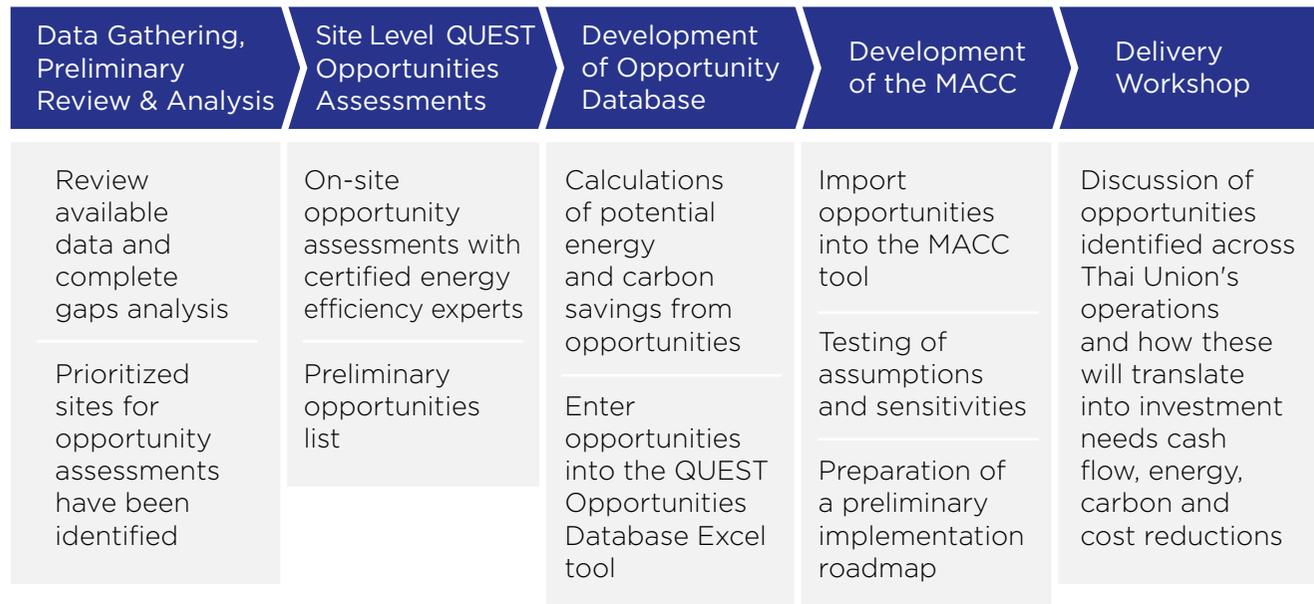
## GHG MITIGATION STRATEGIES

To identify potential energy and GHG efficiency opportunities and develop a detailed roadmap to achieve our 30 percent GHG reduction target by 2020, we conducted GHG mitigation audits. The audits were facilitated by external experts at three factories: Thai Union Factory; Thai Union Manufacturing; and Indian Ocean Tuna, which

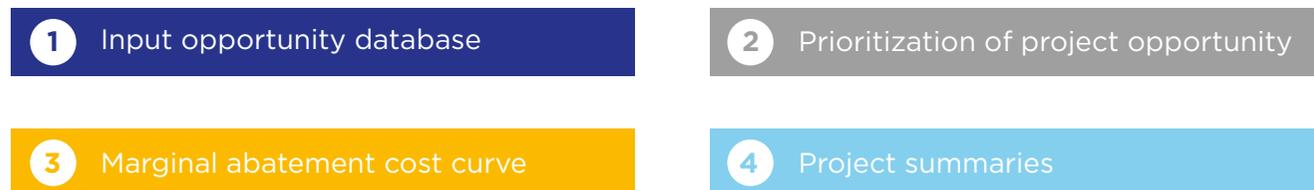
released around 50 percent of Thai Union’s total GHG emissions. The audits evaluated the cost benefit of our existing energy reduction efforts and compared them to the Quick Environmental Saving Technique (QUEST) and the marginal abatement cost curve (MACC) tool, which help visualize and prioritize GHG reduction projects by scale of reduction and project rate of return.

- Fuel Oil (bunker oil)
- LPG
- Bio-Gas
- Refrigerant
- Others
- Natural Gas
- Coal
- Wood Pellet
- Freezing Process
- Electricity Purchased
- Diesel
- Gasoline
- Palm Kernel Shell
- Wastewater Treatment Plant

## 5 STEP PROCESS TO DEVELOP GHG MITIGATION STRATEGY



### 2017 GHG Mitigation Workshop Overview



## ENERGY AND GHG MITIGATION AUDITS

The energy and GHG mitigation audits help prioritize which Thai Union projects will best help us achieve our goal of a 30 percent reduction in GHG emissions. Some of the initiatives that were identified as having the highest GHG reduction potential include replacing CO<sub>2</sub> with an ammonia freezing system, wastewater treatment biogas recovery, and biomass co-firing in the steam boilers. We also conducted a workshop to discuss data, sensitivities, economics and how to engage Thai Union operations and affiliates at each of three pilot sites to evaluate and identify appropriate cost-saving projects and timelines.

To show Thai Union's commitment to reducing our GHG emissions, we signed a memorandum of understanding with the Thailand Greenhouse Gas Management Organization (TGO) to participate in the Thailand Voluntary Emission Trading Scheme. This program will help us develop GHG emissions monitoring and reporting guidelines in the food sector to abide by the ISO 14064 standards for monitoring, reporting and verifying GHG.

Thai Union initiated several additional GHG emissions reduction projects in 2017, which collectively have improved our energy efficiency and reduced the adverse effects of GHG on the environment and society.

**T-VER** THAILAND VERIFICATION EMISSION REDUCTION

TGO encourages private companies to develop methods to reduce GHG emissions as part of the Thailand - Voluntary Emission Reduction (T-VER) program. Participating companies receive carbon credits from T-VER, which can be used to offset GHG emissions, known as carbon offsetting. Companies will also be able to sell the credits on T-VER's carbon market, which TGO is developing.

In 2017, Songkla Canning enrolled a biomass boiler project in the T-VER program. We replaced a 12-ton bunker oil C boiler, which has high global warming potential (GWP), with a biomass boiler, which has lower GWP. After conducting a monitoring and verification process at Songkla Canning, the T-VER committee issued certified carbon credits for the biomass boiler project's operations from August 1, 2016 to May 31, 2017, in the amount of 8,978 tons CO<sub>2</sub> equivalent.

**LESS** LOW EMISSION SUPPORT SCHEME

To promote our GHG emissions reduction projects, Thai Union submitted our energy consumption reduction projects to TGO's Low Emission Support Scheme (LESS). In 2017, the LESS committee issued certified letters of recognition to four of our factories for their ability to reduce GHG emissions by 370 tons CO<sub>2</sub> equivalent. The four certified factories are Pakfood Chaopraya, Pakfood Office, Pakfood Pakpanang and Songkla Canning.

**IN 2017, THAI UNION REDUCED OUR ENERGY INTENSITY BY 8.85 PERCENT COMPARED TO THE BASE YEAR, 2016.**



Biomass boiler



## ENERGY CONSUMPTION AND EFFICIENCY

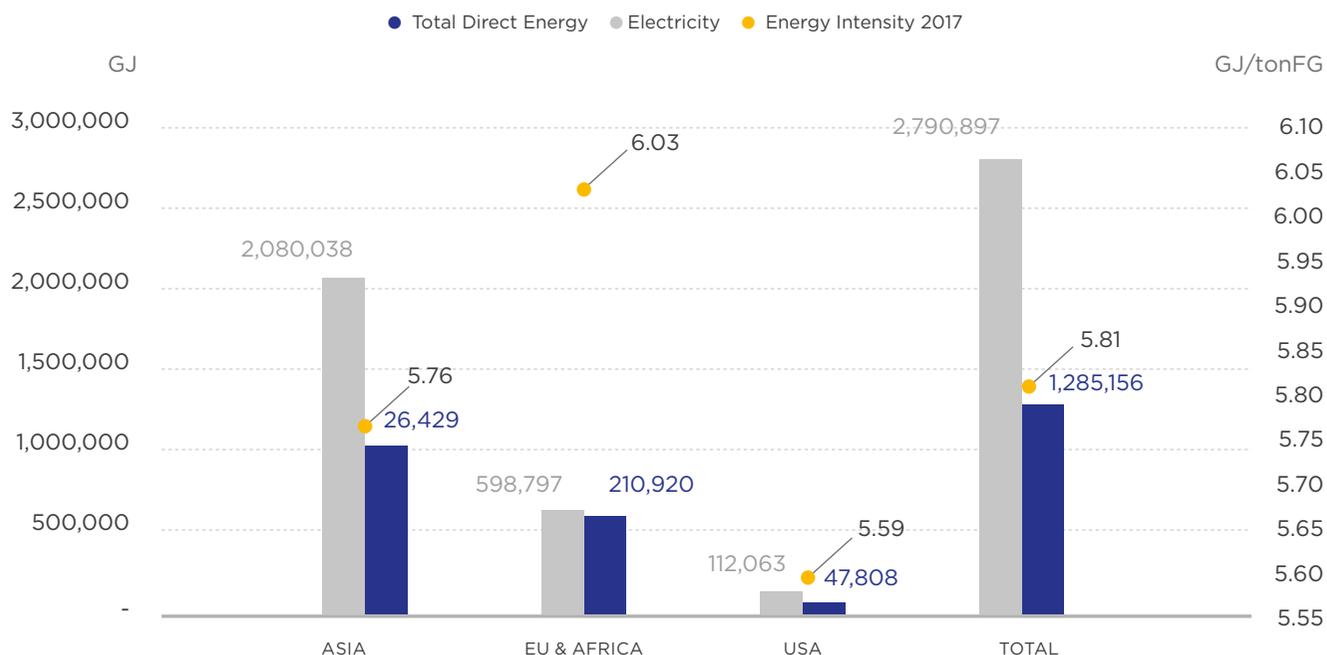
The main metric that we use to measure our energy efficiency is energy intensity, the amount of energy consumed for every unit of production. In 2017, the overall energy intensity was 5.81 GJ per ton, which is an 8.85 percent improvement compared to 2016. All our factories have energy management plans in place to make the best use of those facilities, including the use of improved line management techniques.

One of the ways we can manage our energy consumption and GHG emissions is to work on improving and managing the energy efficiency of the facilities we operate, as detailed below.

- At Thai Union Factory and Thai Union Seafood, we reduced coal consumption by reducing and optimizing the pressure of steam production. This can reduce annual coal consumption by approximately 1,342 tons, bunker oil by 370,851.22 liters, and costs by 10,363,462.77 Thai Baht.
- At Thai Union Manufacturing, we utilized methane from a biogas wastewater treatment plant to generate electricity, reducing the electrical cost by more than 9 million Thai Baht per year.
- At Songkla Canning, we were able to reduce electrical consumption in the refrigerant system by installing small compressors (132 kW) instead of big compressors (300 kW) in the anteroom, air lock room and ice making machines. This will save around 2.2 million Thai Baht per year, with an internal return rate of 1.35 years.

## ENERGY INTENSITY BY OPERATIONAL REGION IN GJ PER TON OF PRODUCTION

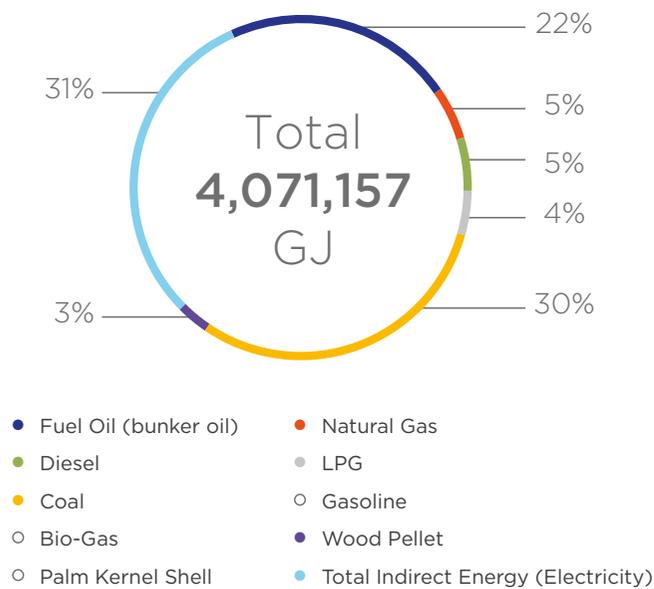
Energy Performance 2017



- At Pakfood Company (Okeanos Food) and Thai Union Factory, we reduced our CO<sub>2</sub> consumption per ton of production in the flash freezing process by 12,680.21 tons or 54 percent compared to 2016. This also saved Thai Union 19.4 million Thai Baht in 2017.

## ENERGY CONSUMPTION BY SOURCE FOR 2017

### Energy Consumption Content



### 2020 TARGET



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

\*compared to the base year, 2016

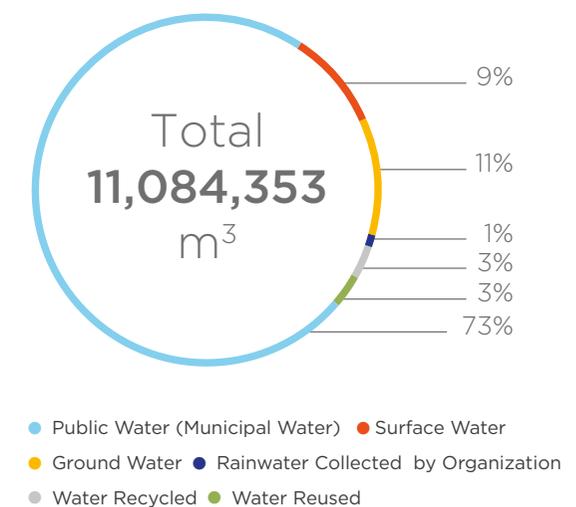
## WATER CONSUMPTION AND CRISIS MITIGATION PLANNING

Water is not only important for humans, but it also balances the entire ecosystem. Industries like steel, chemicals, fertilizers, textiles, cement, electricity, petrochemicals, paper, mining and food use water in large quantities for processes such as cooling, power generation, cleaning, fire protection and air conditioning. As such, overuse of water can occur, as can water pollution and conflicts over land use rights. Since 2015, Thai Union has utilized the World Resources Institute’s Aqueduct Water Risk Atlas to create a global water risk map. This mapping exercise considers our water-related risks, including current and future water shortages, flood risk, water quality risk, water costs, and current regulatory and reputational risks. The Aqueduct Water Risk Atlas also provides us with a better understanding of our current water usage and potential scarcity impacts to our business and the surrounding communities, better enabling us to integrate our water management planning with the communities’ strategies.

In 2017, our total water consumption was 10,422,501 m<sup>3</sup> and our water intensity was 14.85 m<sup>3</sup> per ton of production. This is a 1.4 percent reduction in untreated water from natural resources compared to our performance in 2016—a result of strong water management systems and controlled water usage and reduction projects such as continuous follow up and monthly performance monitoring. We also reused and recycled 662,302 m<sup>3</sup> of water into production processes and facilities, representing 6 percent of our total water consumption in 2017.

## 2017 WATER WITHDRAWAL BY SOURCE

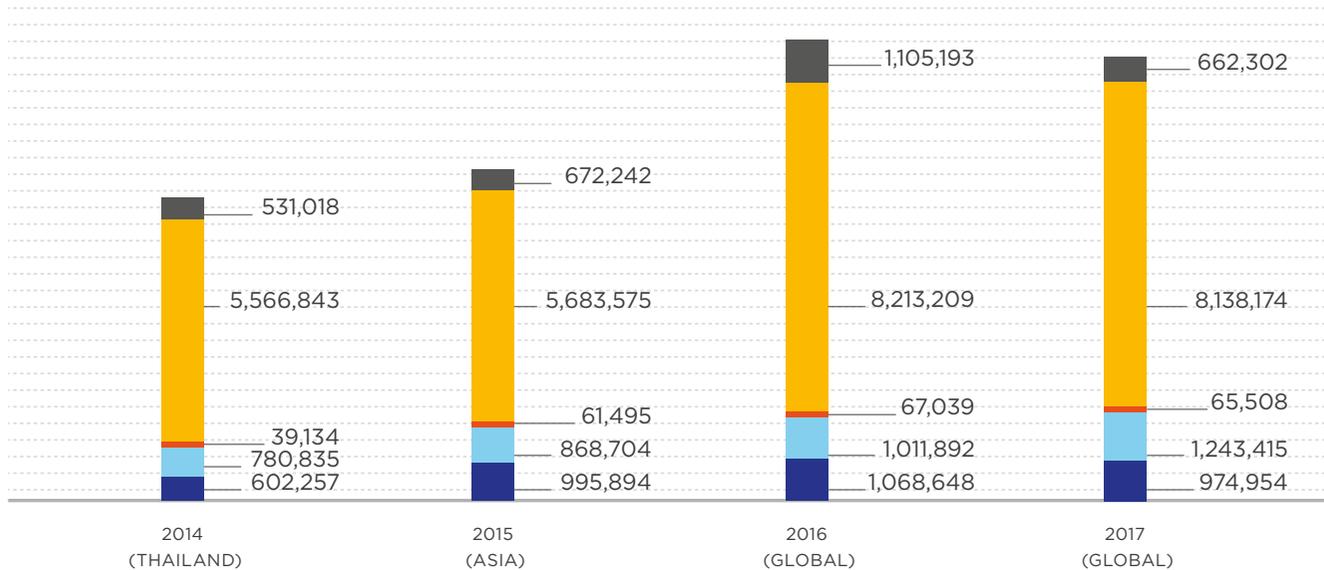
### Water Consumption Source



**IN 2017, THAI UNION REDUCED OUR WATER INTENSITY BY 1.4 PERCENT COMPARED TO THE BASE YEAR, 2016.**

## WATER WITHDRAWAL BY SOURCE IN 2014 TO 2017, IN M<sup>3</sup>

● Surface Water ● Groundwater ● Rainwater Collected by Organization ● Municipal Water ● Reused & Recycled Water



- Send fish scraps to our feed mill;
- Process residual waste to generate energy for the anaerobic digestion of food waste;
- Produce refuse-derived fuel from dewatered sludge for use as fuel in our boilers; and
- Incinerate waste to create greener energy.

Our waste reduction efforts help Thai Union save money, for example in waste disposal costs, which boosts our corporate bottom line; and our recycling and recovery initiatives have potential to create significant new revenue streams, such as the resale of recycled goods. Through our waste elimination strategy, Thai Union is reducing our carbon footprint and enhancing our position as a responsible corporate citizen.

## WASTE REDUCTION PROJECT HIGHLIGHTS

- Thai Union puts effort into segregating, reusing and recycling our waste to reduce the volume that goes to the landfill. We continuously look to identify suppliers that can utilize or transform our waste and byproducts into energy for use in their processes. For example, we send our stickers, which normally go to the landfill, to one of our suppliers for energy production.
- At Songkla Canning, we reduced the amount of sludge going to the landfill from our wastewater treatment plant by about 28 percent in 2017; this was done by returning an optimized volume of sludge to a digester tank.

### 2020 TARGET



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

\*compared to the base year, 2016

**IN 2017, THAI UNION REDUCED OUR WASTE TO LANDFILL INTENSITY BY 34.49 PERCENT COMPARED TO THE BASE YEAR, 2016.**

## ZERO WASTE TO LANDFILL

Our waste elimination strategy is to maximize the use of our materials and resources, reduce the amount of waste generated, and keep materials out of landfills. As a first step, we identify where our waste is generated and which processes or management systems can be employed to minimize unavoidable waste generation. We then look at how residual waste can be reused or recycled into new products. For example, we:

## CASE STUDY

### SUN SEEKER PROJECT: SOLAR ENERGY GENERATION

Thai Union knew that putting solar panels on the unused rooftops of our production plants would create benefits for the countries where our plants are located by increasing the national proportion of alternative energy and reducing greenhouse gas (GHG) emissions. With this in mind, we surveyed our plants' rooftops in several countries such as Thailand, Vietnam and Seychelles, and we identified many appropriate sites for implementation.

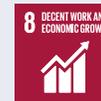
In 2017, the first location we selected for a pilot Power Purchased Agreement (PPA) project was Thai Union Factory's 10,000 square meter cold storage rooftop in Samut Sakhon Province. We chose this facility for its high level of energy production at 3,300 kWh per day, and because the electrical load is steady enough for day-to-day operations and the roof is newer, compared to other locations. As part of

the project, we installed 2,970 solar panels with a total power capacity of 935.55 kWh—approximately 1,300,000 kWh per year—which can reduce GHG emissions by 720 tons of CO<sub>2</sub> equivalent per year. The project also reduced accumulated heat in the plant's buildings, and thus air conditioning power consumption.

In 25 years, the total renewable energy produced from this solar rooftop project will be

approximately 33,123,000 kWh, and the total GHG emissions reduction will be about 19,000 tons.

The success of this pilot project serves as a model for other organizations and has generated significant interest for site visits from domestic and international government and private sector representatives.



## SUSTAINABLE PACKAGING

Packaging is an important component of any product and contributes significantly to a company's overall environmental impact. By developing and implementing sustainable packaging initiatives, Thai Union's environmental footprint is reduced.

At Thai Union, sustainable packaging starts with the selection criteria of packaging materials. Our policy aims to:

- Reduce or minimize the overall package-to-product ratio;
- Reduce the carbon footprint of packaging through new innovations to the weight and composition of packaging materials, packaging sizes and logistics;
- Reduce the amount of packaging going to landfills by utilizing packaging materials with readily available recycling streams or other end-of-life options;
- Utilize recycled materials, where available, and close the recycling loop;
- Source from and leverage the expertise of packaging suppliers that demonstrate excellence in sustainable packaging and operations;
- Research innovation in product packaging and utilization by consumers; and
- Communicate and encourage appropriate end-of-life packaging handling to our consumers, particularly to reduce plastic waste that ends up in our oceans.

## CASE STUDY

### THAI UNION AND CLINTON CLIMATE INITIATIVE PARTNER TO GENERATE CLEAN ENERGY

Thai Union, in partnership with the Clinton Climate Initiative (CCI), officially broke ground on a wastewater and biogas project at our Indian Ocean Tuna (IOT) Seychelles facility in 2017. This project will cut carbon emissions and reduce energy costs while generating clean electricity and cleaner wastewater. CCI, an initiative of the Clinton Foundation, has been working with Thai Union to provide technical and advisory support on the project since 2013.

This project will address a number of clean energy needs:

- As one of the largest tuna processing factories in the world, IOT is Seychelles' largest electricity user;
- Most of Seychelles' energy is generated from imported diesel fuel, which is unsustainable, both environmentally and financially;
- This new wastewater and biogas project will help IOT increase its alternative energy sources and decrease its dependence on oil.

- Working with Thai Union's management and engineering team in IOT, CCI helped to identify a technical solution to upgrade the wastewater and fish sludge treatment plants, improving the quality of the wastewater and generating significant biogas byproduct. The biogas from the treated fish sludge and water will be used to generate clean electricity to run factory processes, reducing consumption of diesel-based electricity from the grid.

This wastewater and biogas project is in line with Thai Union's sustainability strategy, SeaChange®, and its impact will also contribute to Seychelles' Blue Economy concept aiming to develop a sustainable ocean-based economy.

CCI and Thai Union's partnership on the IOT Seychelles facility comprises a portfolio of sustainability focused projects. In 2015, CCI and its partner the Rocky Mountain Institute's Carbon War Room conducted a factory-wide energy efficiency audit at IOT with a series of energy-and water-reducing recommendations that IOT is already implementing,

which will lead to significant savings. CCI also completed a Business Case Analysis for use of rooftop solar power at IOT's factory, examining one way to reduce consumption of diesel-generated electricity from the grid.





## OUR KEY INITIATIVES

Sustainable packaging is an important element of our innovation work. As part of our Global Innovation Incubator's science and research pillar, we investigate and develop technological advancements to improve the sustainability and convenience of product packaging. By exploring sustainable packaging in our innovation research, we ensure a continuous pipeline of improvements, which will help achieve Thai Union's goals for carbon footprint reduction and environmentally friendly packaging.

**Sustainable packaging starts with the selection criteria of packaging materials.**

As part of our five-year packaging roadmap, we are:

- Committing to an industry leading packaging commitment to ensure 100 percent of our branded packaging is reusable, recyclable or
- Optimizing for transportation through more space-efficient packaging, for instance in the form of square packaging.

compostable by 2025. Although we do not have the solutions in place to meet this commitment now, we will collaborate across industries to help change packaging and in particular address issues surrounding the impact of single use plastics;

- Working to develop a paper lid solution to replace our existing plastic lids used in product packaging. We intend to have a commercially viable paper lid option by 2019;
- Researching ways to reduce the thickness and weight of cans to decrease the quantity of material used. Our goal is to deliver a product of the same quality, but lighter, next year;
- Exploring technologies to reduce the thickness of the pouches we currently use for many of our seafood products, while maintaining the same appearance and quality our customers enjoy;
- Conducting ongoing research to identify more environmentally friendly plastics, through implementing and utilizing bio-based material or putting recycled content into polymers, as we aim to decrease global plastic pollution and improve the carbon footprint of our product packaging;
- Investigating ways to utilize shrimp shells in our plastic packaging. This would yield many benefits, including the reuse of factory waste, the development of bio-based packaging and improved shelf life for products; and

## CASE STUDY

### A SCIENCE-BASED APPROACH TO PACKAGING AT JOHN WEST

The growth of John West within the U.K. ambient fish market over the last five years has largely come from consumer-led packaging innovation. Packaging for much of the fish category has remained mostly the same for decades.

Our mission at John West is to get people to enjoy fish every day by making the brand more relevant to consumers' lives. However, when we engage consumers on more modern packaging, plastic formats often top the list.

Because of the increasing profile of environmental issues, such as food waste, climate change and ocean plastic, we continually challenge ourselves to consider any future packaging development from as many different perspectives as possible, not just consumers. That is why Thai Union decided to work with a third-party industry expert to better understand the full lifecycle of packaging materials by comparing metal to plastic.

In selecting the correct partner for this study, specific decision criteria were used. It was important to choose a well-known and credible agency with technical expertise in sustainability. The partner also needed to have a high level of skill, specifically on life-cycle assessments (LCA), using a strong scientific approach. Equally important was having

a wide portfolio of clients encompassing both packaging and food companies. Based on these criteria, we appointed RDC Environment. In conjunction with RDC Environment, several current packaging suppliers were engaged, as well as some potential new suppliers, to evaluate different global packaging options for tuna. With these suppliers, RDC Environment and Thai Union worked collaboratively to launch a full LCA. The objective was to understand which packaging option performed best on a number of environmental measurements. The assessment starts at the very beginning of a material's life with the extraction of raw material, and it ends at the very end of the material's life—and it includes every step in between, from production, packing, scanning and transportation to end-user consumption and disposal.

An initial finding of interest involves the positive impact to material consumption from the roughly 2.5 times lighter profile of plastic, when compared to cans. A more detailed review of the full LCA findings is now underway to better explore additional environmental impacts of the different packaging substrates. However, the impact of plastics on the environment and marine life, and their persistence in the environment, must also be taken into account. Thai Union has to demonstrate

responsibility in developing consumer-led packaging solutions that drive greater relevance while considering environmental impacts in the process. Partnering with an independent LCA expert like RDC Environment has already significantly informed our understanding of sustainable packaging, and this new approach will be used to shape future thinking on global packaging development.



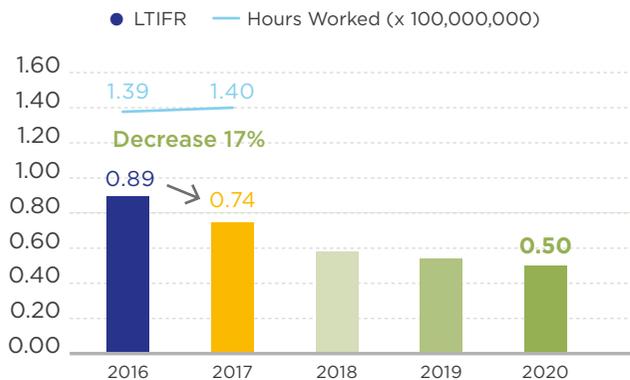
## OCCUPATIONAL HEALTH AND SAFETY

In recent years, we have prioritized the development of Thai Union’s Environmental, Occupational Health and Safety (EHS) Management System. By implementing our EHS protocols across all Thai Union workplaces, we ensure that each facility operates to the same minimum EHS requirements. We systematically integrate EHS&En considerations into our business processes to build a safe workplace and mitigate injury and fatality risks.

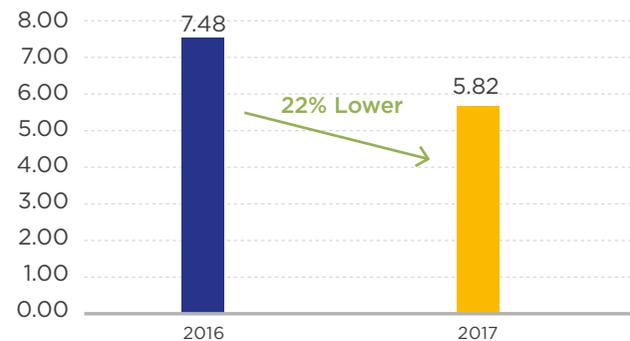
In 2017, we were able to maintain the Occupational Illness Frequency Rate for employees at zero. We also continued to reduce the Lost Time Injury Severity Rate per 200,000 worked hours by 22 percent and the Lost Time Injury Frequency Rate by 17 percent, compared to 2016. The following components outline our priorities for 2017.



### Lost Time Injury Frequency Rate (LTIFR)



### Lost Time Injury Severity Rate (LTISR)



## SAFETY DESIGN

We assessed our workplace to identify any potential improvements to our employees’ safety. We believe a safe workplace begins with the right safety design. Several engineering projects were executed in 2017 to improve our workplace safety, including fire protection, machine safety, ergonomics and a safe refrigeration system. To help implement our workplace safety design, we issued Thai Union guidelines demonstrating the principles of “Doing-Right-at-First,” which covers the required steps of the project’s execution and ensures integration of safety considerations.

## BUILDING SKILLS AND COMPETENCY

We realize that employees' skills and competencies are significant factors in building a culture of safety at Thai Union.

As such, we established the Center of Excellence in Thailand: Environment, Health and Safety in February 2017 to serve as the EHS learning hub for all Thai Union employees. More than 3,000 employees participated in the center's courses in 2017, which are offered in Thai, English and Burmese to better facilitate the comprehension of our diverse employees.

In 2018, we plan to expand our EHS capacity building services to the public by making them available to other Thai and migrant workers in the region. We hope this will improve the EHS awareness, skills and competencies of people outside Thai Union, too, especially among migrant workers.

## PARTNERSHIP AND ENGAGEMENT

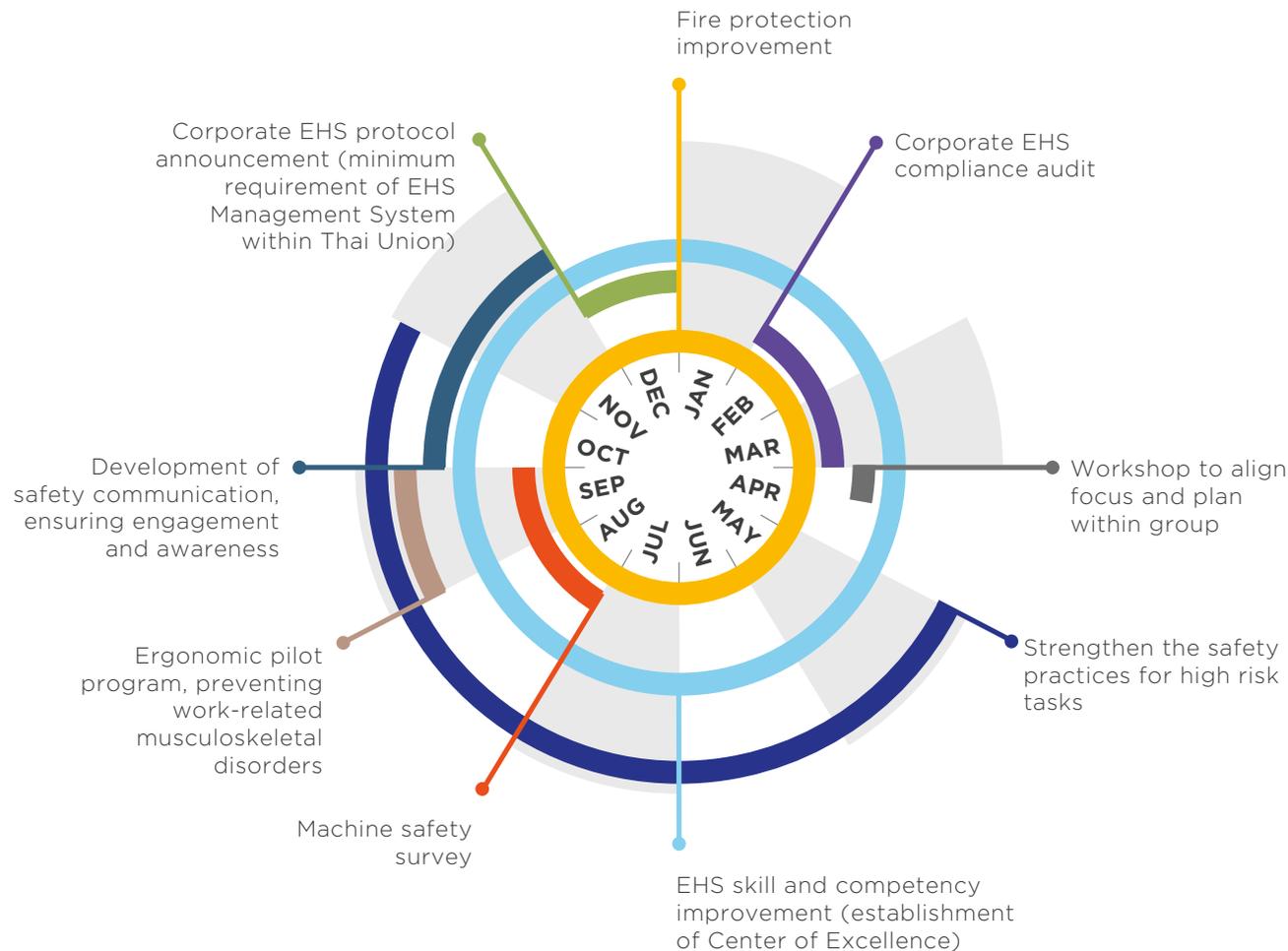
Engagement from all our employees is the key to achieving and maintaining a strong safety culture. In 2017, we worked to build interaction on EHS issues between all levels of employees within each entity



and between entities. In line with our core value of 'respect,' we promote an environment where employees and others we engage with truly feel free to share their thoughts on every step of the EHS program, including its policy and framework development, risk assessments, identification of risk mitigations and incident investigations.



## 2017 KEY INITIATIVES



Remark:

2014 data includes Thai Union Group PCL., Thai Union Manufacturing Co., Ltd., Songkla Canning PCL., Thai Union Seafood Co., Ltd., Thai Union Feedmill Co., Ltd., Pakfood PCL., Yueh Chyang Canned Food Co., Ltd., Thai Union Europe SAS, Tri-Union Seafood LLC.

2015 data includes Thai Union Group PCL., Thai Union Manufacturing Co., Ltd., Songkla Canning PCL., Thai Union Seafood Co., Ltd., Thai Union Feedmill Co., Ltd., Pakfood PCL., Asian-Pacific Can Co., Ltd., Thai Union Graphic Co., Ltd., Yueh Chyang Canned Food Co., Ltd., Thai Union Europe SAS, MerAlliance SAS, King Oscar As, Tri-Union Seafood LLC., Tri-Union Frozen Products Inc.

2016 and 2017 data include Thai Union Group PCL., Thai Union Manufacturing Co., Ltd., Songkla Canning PCL., Thai Union Seafood Co., Ltd., Thai Union Feedmill Co., Ltd., Pakfood PCL., Asian-Pacific Can Co., Ltd., Thai Union Graphic Co., Ltd., Yueh Chyang Canned Food Co., Ltd., TMAC Co., Ltd., Thai Union Europe SAS, MerAlliance SAS, King Oscar As, Tri-Union Seafood LLC, Tri-Union Frozen Products Inc., U.S. Pet Nutrition LLC.

## GHANA: PIONEER FOOD CANNERY INCIDENT

In June 2017, an explosion followed by a fire occurred in the boiler room at the Pioneer Food Cannery (PFC) factory in Accra, Ghana. Public fire brigades and the PFC team were able to contain the fire to a limited area of the factory. As a devastating result of the accident, five fatalities occurred, including one employee from the PFC plant and four from a subcontracting company. Sadly, two additional people were seriously injured, including one employee from the PFC plant and one from a subcontracting company.

A crisis team was immediately established with the following top priorities:

- Caring for the injured people, as well as supporting the families of the deceased and injured people;
- Seeking advice from both external and internal specialists to identify the root cause of the incident and to implement appropriate response and prevention measures;
- Engaging a team of specialists to clean up, reconstruct and restart the PFC plant;
- Coordinating with local authorities, insurance experts, suppliers, customers and other stakeholders to limit the business disruption;

- Activating production backups to ensure business continuity in market places; and
- Sharing our understanding of what happened to communicate appropriately, take action and reinforce our safety procedures.

After a temporary closure of 12 weeks, the PFC plant restarted on September 4, 2017. We deeply regret the loss of these five lives and the injuries to our employees and subcontractors. We are committed to improving our workplace and minimizing the risk of injuries and fatalities.

## PROCESS INNOVATION

In 2016, Thai Union's Global Innovation Incubator (Gii) introduced process innovations to enhance product quality and improve sustainability through increased utilization of raw material, decreased processing time, and reduced steam utilization via alternative heating and steam recovery processes.

The main achievement in 2017 was the implementation of multiple modernized tuna manufacturing processing lines at three manufacturing sites. Through a high degree of automation and sophisticated engineering,

the automated manufacturing process is revolutionary for the tuna canning industry. It reduces the labor required to produce tuna products and enables a higher yield of raw material and recovery of high-value human food ingredients from Thai Union's tuna byproducts—all significant economic benefits.

The improved processes also have a positive impact on the sensory and nutritional quality of our tuna products. And, the efficient processes benefit the environment, with shorter processing times and lower steam, water and energy consumption, contributing to a lower carbon footprint.

Further, once the modernized tuna manufacturing process is at full capacity, it is expected to increase gains in efficiency, as it significantly reduces processing time from thawing until canning. The pre-cooking process has been changed from batch cooking to continuous cooking, and could be reduced to significantly decrease steam, water and energy consumption. Ongoing steam recovery research initiatives are underway to further reduce energy use and the carbon footprint of Thai Union's tuna products.

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# 08 PEOPLE AND COMMUNITIES

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Thai Union takes responsibility for improving the lives of those living and working in the regions where we operate.

## HUMAN CAPITAL INVESTMENT

2017 was a year of significant progress to the development of our workforce and operational excellence, including important advances such as the strengthening of our core talent development processes. Another key achievement this year was the launch of a three-year Human Capital Development Roadmap that will align our workforce development strategies with our business ambitions and strengthen Thai Union’s employment branding position.

We believe that learning and development is an important, ongoing initiative to enhance our employees’ skills and capabilities. At Thai Union, we are committed to continuously developing our workforce based on individuals’ needs, readiness and vocational requirements. We do this by providing high quality capacity building programs that support employees’ career aspirations and help them become effective contributors and leaders.

Thai Union’s leadership development programs are guided by our Capability Framework and Leadership Expectations are defined internally and emphasize the links between our core values, goals and business context. The framework and leadership model help ensure we continue and enhance our track record as a high performing organization that achieves business results, engages and retains our employees, and serves as an industry role model.

Thai Union offers practical, yet high impact learning and development opportunities to every employee. Action-based, adult learning approaches such as special project assignments, job rotations and stretch roles are critical parts of our development programs. In addition, opportunities to learn from others via feedback loops, mentoring programs, traditional classrooms and e-learning are available for our associates. And we continue to embed our six core values throughout our leadership development programs.

### THAI UNION’S CAPABILITY FRAMEWORK

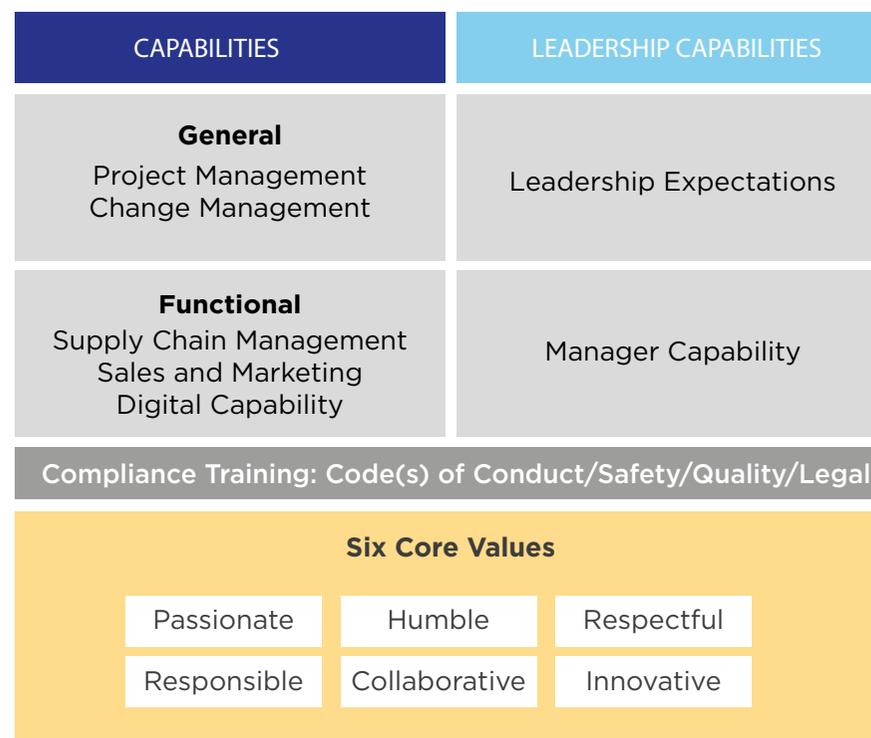




Photo credit: Janyawath Sutamma/IUCN

We leverage leadership concepts and resources from well-respected training and coaching programs such as FranklinCovey and the 7 Habits of Highly Effective People® in our day-to-day operations across Thai Union. These training and coaching programs were provided to employees at all levels this year and we will continue deploying them to additional employees in 2018.

Employee engagement data in 2017, tracked from operations in Asia (Songkla Canning and Yueh Chyang Canned Food), Europe (King Oscar) and the United States (Chicken of the Sea Frozen Foods), measured 66.3 percent—surpassing the target of 62.5 percent.

## CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY INVESTMENT

Thai Union is committed to improving the lives of those living and working in the regions in which we operate. Thai Union has worked together with private sector peers, local government, international organizations and civil society bodies to address social and environmental problems. From cleaning beaches and protecting endangered species to educating children of migrant workers and providing nutritional information to local communities—Thai Union is committed to being a good corporate citizen.

Some of this work is undertaken at a group level. For example, Thai Union is a major donor to famine and disaster relief programs every year as part of our commitment to support the United Nations Sustainable Development Goal (SDG) to end hunger. However, much of the work is delivered at a domestic level through our brands; some of these initiatives are significant and others are much more modest, but big or small, when combined, they tell a very compelling story about our business and the things that matter to our company.

## 2017 CORPORATE PHILANTHROPY

Covered in this report:

Philanthropic giving on behalf of Thai Union companies in Thailand, Vietnam, USA and Norway; and Thai Union Europe (including Germany Group)

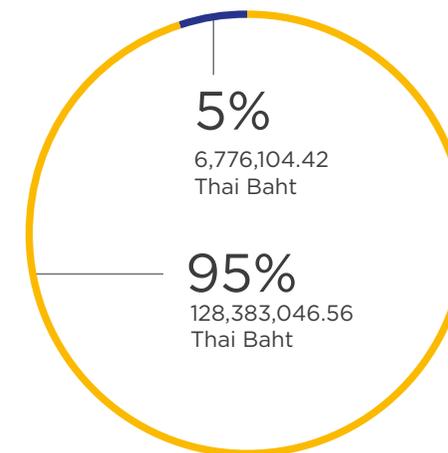
SUMMARY (in Thai Baht)	
1. Charitable Donations	69,142,246.60
2. Community Investments	19,031,054.21
3. Commercial Initiatives	46,985,850.17
<b>Total</b>	<b>135,159,150.98</b>

Source: Thai Union Group Corporate Account

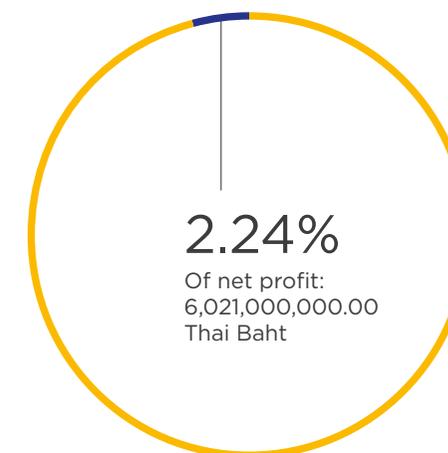
IN KIND DONATIONS (Exchange rate: 1 USD = 31 Thai Baht)		
1. Thai Union	Food donation and school materials	369,613.42 Thai Baht
2. King Oscar	Food donation	\$850 USD or 26,350.00 Thai Baht
3. Yueh Chyang Canned Food	School materials and others	\$5,811 USD or 180,141.00 Thai Baht
4. Tri Union Seafoods (Chicken of the Sea)	Food donation	\$200,000 USD or 6,200,000.00 Thai Baht
<b>Total In Kind</b>		<b>6,776,104.42 Thai Baht</b>

### CASH AND IN KIND

● In Kind ● In Cash



### DONATION PERCENTAGE OF NET PROFIT



Total Donation: 135,159,150.98 Thai Baht

## CASE STUDY

### THAILAND STUDENTS GET A KICK OUT OF FOOTBALL

Student athletes in Thailand had the opportunity to learn a few tricks from the pros on the football pitch. And, just maybe, the Samut Sakhon Football Club (F.C.) coaching staff and players caught a glimpse of a future star or two as the team, along with Thai Union, co-organized four teaching clinics for schoolchildren in the Samut Sakhon community.

Samut Sakhon F.C. coaches and players held skill drills and demonstrated proper football techniques at the local Mahachai Futsal Stadium to approximately 400 students in 2017 from Wat Yaichomprasat School, Wat Srisudtharam School and Wat Sirimongkol School.

The two-hour clinics emphasized the importance of physical fitness, good sportsmanship and teamwork.

“Football is great exercise, helping to make me strong and healthy,” said Nichada Hanchengchai, a sixth-grade student at Wat Yaichomprasat School. “I started to play football at 10 and continue now that I am 12 years old. I really enjoy the game and intend to continue practicing. I also hope to become a role model for younger players.”

“It is great that Thai Union took the time to set up these amazing activities for students from different schools in Samut Sakhon,” said Songwut Buapetch,

Samut Sakhon F.C.’s assistant coach. “I could see how determined the kids were to learn new techniques out there today dribbling around the field and juggling the ball. The difference in age and gender was not a barrier for them. They really enjoyed themselves out there.”

In addition to being a corporate sponsor for Samut Sakhon F.C., Thai Union funds preschools for children of local migrant workers at three participating schools, including providing educational supplies and other school materials.



## RIGHTS AWARENESS

The fishing industry continues to face accusations of challenges in achieving equal and fair treatment of migrant workers, stemming from informal and illegal labor practices such as human trafficking, forced labor, child labor and debt bondage.

Thai Union has many initiatives underway to help protect the rights of migrant workers in Thailand and beyond, including collaborations with non-governmental organization (NGO) partners to facilitate social dialog and capacity building through training, workshops and practical demonstrations.

We aim to prevent instances of child labor and trafficking by ensuring our migrant workers in Thailand understand their rights. For instance, migrant workers with children in Thailand often lack access to education due to insufficient knowledge about the Thai school system. So, in collaboration with the Labour Rights Promotion Network (LPN), Thai Union built on past efforts and continued to organize workshops in 2017 for migrant workers to learn about education rights and Thai school enrollment procedures so their children have access to formal education.

Also, Thai Union and LPN expanded our children's education rights program to cover additional issues—including labor rights—for migrant worker communities in Samut Sakhon. Together, we developed and distributed updated booklets with useful information on children's education rights, child labor, online endangerment, human trafficking and an emergency number to report violations.

The program aims to ensure migrant workers understand their rights under Thai law, the risks of human trafficking and how to protect themselves. LPN distributed 20,000 booklets to migrant workers in 2017.

### ASEAN ECONOMIC COMMUNITY LANGUAGE LEARNING CENTER

A lack of local workers in Thailand often leads to a higher demand for migrant workers, many of whom face communication barriers due to language differences. To help resolve this challenge, SCC Thailand introduced the ASEAN Economic Community (AEC) Language Learning Center, which aims to place interpreters in Thai Union plants to communicate with migrant workers. This year, workers volunteered to teach Burmese, Lao, Khmer and English to SCC Thailand staff. In the future, SCC Thailand plans to extend the program by opening it to the general public. The program has resulted in an increased number of SCC staff interpreters, approximately half of whom are able to communicate with migrant workers at Thai Union plants.

### FRIEND TO FRIEND CLUB

The Friend to Friend Club was formed by migrant workers with the help of Thai Union operating company Quality Management. Members voluntarily contribute 1 Thai Baht (\$.032) a day to the club's savings account, with funds raised used to help Thai Union workers in need, such as flood victims,

those needing medication, support for families having a baby, or funeral costs. The club also provides social services, such as cleaning services and the donation of a printer valued at 6,690 Thai Baht (roughly \$213) to the Child Care Centre at Tha-Chalorm. The club has gained recognition and now has 120 members.



## CHILDHOOD EDUCATION

Thai Union recognizes education is an important foundation for a better life.

We officially opened our third preschool at Wat Yaichomprasat School for children of our migrant and local workers in Samut Sakhon, Thailand in 2017. These schools help the children enter the Thai education system, so they can progress to primary school. They also ensure the children are safe during the day, providing their working parents with real peace of mind.

Thai Union previously established preschools at Wat Srisudtharam School in 2013 and Wat Sirimongkol School in 2014. We aim to open two additional preschools in Samut Sakhon, the fourth in 2018 and a fifth in 2019.

Thai Union also organized key education initiatives for children at our preschools throughout the year, including a photography workshop, a science camp, and a series of football clinics to promote physical education.

Another example of the company's involvement in the community is with the Pracharat Project—a project coordinated by the Thai Government. In 2017, Thai Union was actively involved in two programs with the project which aim to improve the lives of the local community, as well as boost the education standards of children

from 30 schools in across the Samut Sakhon, Samut Songkhram, Phetchaburi and Prachuap Khiri Khan provinces where the company operates in Thailand.

The first program—the Basic Education and Human Capital Development Group (CONNEXT ED)—is a public-private sector project. CONNEXT ED aims to minimize inequality in society, develop people's potential, and increase competitiveness to students in public schools under the Office of the Basic Education Commission. The program develops a network of next-generation leaders from private companies who will learn and develop leadership skills through what is called the Action Learning Project, which includes knowledge sharing and strategic planning in academic development with school principals, teachers, local community leaders and students. This helps develop Thai students to be “good and smart students,” according to the program's objective. Separately, Thai Union has been actively involved in other Pracharat Project initiatives in Samut Sakhon, specifically one called the Pracharat Raksamakkee Samut Sakhon, which supports local businesses and helps put them on better commercial footing. These projects help drive the Thai economy at a grassroots level, allowing small business operators to generate more income for the local community (continued on page 110) ...



## CASE STUDY

### THAI UNION SCIENCE CAMP PROMOTES LEARNING FOR STUDENTS

An insatiable curiosity and a passion for science bonded more than 100 students from Samut Sakhon community in Thailand with some of the top minds in research, technology and innovation during the Thai Union Global Innovation Incubator's (Gii) Second Annual Science Camp held at Wat Srisudtharam School in September 2017.

The camp experience was designed by 70 scientists from Thai Union to teach students basic science, including how to better develop logical thinking and observational skills.

"It's incredible how passionate and eager these children are to learn about science," said Dr. Tunyawat Kasemsuwan, Thai Union's director for Gii. "We have a responsibility to cultivate and nurture that passion for science education, especially among the people and communities where Thai Union operates. Science is really about stimulating and satisfying our natural curiosity to discover why and how things happen, while arriving at those discoveries in a logical and rational manner. Children who acquire even this most basic skillset of a scientist will be able to apply those lessons to their benefit throughout numerous situations in their lives."



Some of the lessons and experiments conducted by Thai Union's scientists at the camp included simple electromagnetic theory; pressure, density and the center of gravity using an egg; creating a chemical reaction with lemon juice; and using a Thai herb to test for borax in food. "We tried to introduce science in a simple manner, such as using paper and turmeric powder for borax testing in food," said Ms. Nutchakorn Nakwiang, a process and technology scientist at

Thai Union's Gii. "This is something students can apply in daily life."

"I've always liked science and love it even more now after participating in this camp with Thai Union," said Kaew, a fourth-grade student at Wat Sirimongkul School who is originally from Myanmar. "For me, the most interesting experiment was learning about borax in food and how to test for it."

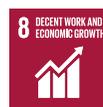
**CASE STUDY (continued)**

Kanitta Lekdee, a sixth-grade student at Wat Srisudtharam School, said she found the experiments useful and enjoyable, and hopes to pursue a career in teaching science. “One of the most fun activities taught me how to make a slime safely, which was super fun,” Lekdee said. “Now more than ever, I feel I want to be a science teacher when I grow up.”

Kasemsuwan said one of the keys to making the camp a success was demonstrating to students that learning science is not only important, but also exciting.

“Sometimes students mistakenly think science is too difficult or not interesting, which can frighten them away altogether,” said Kasemsuwan. “I think today we helped dispel that myth with these students, and hopefully some will be inspired to pursue science even more enthusiastically in the future.”

Students who participated in the science camp attend preschools in Samut Sakhon where Thai Union has established and continues to support the children of migrant workers studying to enter Thailand’s formal education system. Those schools include Wat Srisudtharam, Wat Yaichomprasat and Wat Sirimongkul.



Thai Union's involvement has been in three areas:

1. **Agriculture:** Support for overcoming the pest problem associated with aromatic coconuts. To add value to agriculture products, Thai Union will expand support to other areas, including registration of Geographical Identity (GI) and Good Agricultural Practices (GAP). Additionally, the company has been working on a food safety program in hospitals by supporting organic vegetable farms, which supply those products to hospitals in Samut Sakhon.
2. **Agriproduct processing:** Thai Union proudly supports the development of handcrafted Benjarong porcelain in Samut Sakhon so these premium products can achieve higher value. There are also additional products in the pipeline, including spa salt, aloe vera juice and leather products.
3. **Community tourism:** Supporting local communities that can be developed into tourism destinations in Samut Sakhon such as the Khok Kham-Pantai Norashing shrine, sea salt farm and foot spa, and a homestay at Don Kai Dee, where Benjarong is crafted.

## GREAT PROMISE PARTNERSHIP

Chicken of the Sea (Georgia Canning) provided six high school students with better opportunities—education and work—through on-the-job training.



The senior-level students, who were at risk of not graduating, successfully completed their courses and graduated, while working afternoons for the company.

## SCHOOL IMPROVEMENT PROGRAM

More than 70 percent of workers at Okeanos Food in Samut Sakhon are from Myanmar and live in Mahachai Nives, where their children are among 94 students at the Wat Khok Child Care Center. After consultation with the community, Okeanos decided to support the center—and 45 employees helped to install a roof at the canteen and extend a surrounding fence to prevent crime. They also painted a wall with information to provide knowledge about marine life and waste identification.

## SUPPORTING BAAN NAM KRAJAI SCHOOL

SCC Thailand signed a memorandum of understanding with Baan Nam Krajai School to offer support by providing education materials and transferring knowledge from the plant to the school. SCC Thailand employees have provided information on the Five Habits, GMP and energy conservation to the students, who can use that knowledge on a daily basis. SCC Thailand plans to develop a fire evacuation plan and organize training for the school in 2018.

## ENVIRONMENTAL INITIATIVES

### GARBAGE BANK PROGRAM

To promote environmental awareness, Thai Union established our Garbage Bank program in 2014. This allows us to encourage staff involvement in an environmental initiative and raise funds to support local communities. The program is designed to:

- Improve the awareness and ability of Thai Union's staff to identify waste, both at the workplace and at home;
- Reduce plastic waste in the community;
- Use income from the program to support social projects; and
- Promote collaboration among supervisors, officers and staff in the facility.

In 2017, the Garbage Bank generated 36,536 Thai Baht (approximately \$1,200) by selling collected plastic waste. The revenue supported educational materials for the children of Thai Union workers.

### SAMUT SAKHON MANGROVE FIELD TRIPS

Thai Union organized three field trips to the Mangrove Forest Natural Education Center in Samut Sakhon for students of our preschools to plant mangroves. More than 300 students put down their pencils and rolled up their sleeves to jump in the mud, all in the name of education and sustainability. They

learned lessons on how mangroves impact coastal eco-systems and communities, the importance of mangrove restoration and how they too can help protect Thailand's mangrove forests.

### COMMUNITY CLEANING IN SEYCHELLES

Over 200 employees from IOT Seychelles volunteered and were deployed to various locations across the local community to engage in activities making a positive difference to the community's environment and people. IOT Seychelles employees planted more than 2,000 trees to help restore degraded land in the national forest, removing debris, litter, dead wildlife and invasive plants.

### LAND APPLICATION SYSTEM

Chicken of the Sea (Georgia Canning) installed waste water treatment to guarantee that its wastewater is

treated in accordance to the necessary requirements. The output of the treated wastewater, both effluent and sludge, is utilized in a beneficial way to the community. Effluent is used to water the grass field behind the factory, which turns into hay for animal feed, and Chicken of the Sea gives sludge to farmers for agricultural purposes.

### SHELLFISH REHABILITATION PROJECT

As part of Chicken of the Sea Frozen Foods' employee engagement program at Bellport Bay, volunteers collected and released oysters, which help filter the water. The team successfully took turns gathering, counting and measuring random samples, as well as identifying mortality levels. Each cage had between 470-630 oysters with a mortality rate of approximately 0-2 percent.



## CASE STUDY

### THAI UNION AND IUCN PARTNERSHIP PROJECT

Together with International Union for Conservation of Nature (IUCN) and Thailand's Department of Marine and Coastal Resources and Department of Fisheries, Thai Union supported various community-based initiatives in Koh Yao Yai, Phang Nga, Thailand throughout 2017. The Thai Union-IUCN Partnership Project works with the predominantly Muslim Thai community of Koh Yao Yai to manage marine and coastal resources, develop sustainable tourism and enhance livelihood resilience.

#### Project objectives

- Enhance and scale up marine and coastal resource conservation schemes in target areas; and
- Strengthen alternative livelihoods for coastal fishery communities through market support and community based tourism.

#### Three main components

- Encourage sustainable fishery management and traceability of fishery products;
- Enhance integrated tourism management and

conservation activities; and

- Enhance livelihood and income generation of local communities.

Phang Nga Bay is one of the most important marine protected areas and a biodiversity hotspot in southern Thailand. Mangroves, coral reefs and seagrass provide significant ecosystem services and are key fishery spawning grounds. The Koh Yao Yai district was designated a protected area by the Royal Thai Government in 2016. Fishery regulations and marine and coastal resource conservation policies have been applied to control potentially destructive activities to the environment and communities that rely on these natural resources. Local community members actively play a crucial role in sustainably utilizing and protecting marine and coastal resources; each Koh Yao Yai community already had informal fishery regulations and some conservation measures in place at the time of the Thai Union-IUCN Partnership Project's start.

Phang Nga Bay communities depend on fisheries and tourism as their primary sources of socioeconomic activity. Therefore, to help ensure environmental, social and economic sustainability, the Thai Union-IUCN



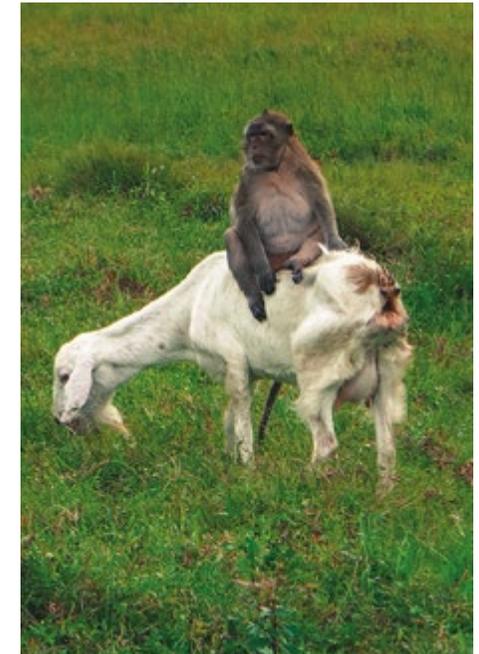
Photo credit: Janyawath Sutamma/IUCN

Partnership Project encourages Koh Yao Yai coastal communities to integrally manage tourism and conservation activities and scale up sustainable fishery management at both the community and eco-logical corridor levels. The project simultaneously promotes alternative livelihood development opportunities to grow community members' day-to-day incomes.

**CASE STUDY (continued)**

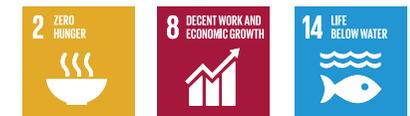
With the rapid growth of tourism in Phang Nga Bay, community-based tourism is an important part of Koh Yao Yai’s conservation efforts. In December 2017, a tour was arranged by the Thai Union-IUCN Partnership Project, the Tourism Authority of Thailand (TAT), and the Koh Yao Yai municipality to showcase Koh Yao Yai community-based tourism opportunities to 30 representatives of tour agencies, hotels, magazines, webmasters, and the TAT Phang Nga Bay branch. Thai Union representatives also attended the three-day tour to participate in local experiences and receive a comprehensive overview of the community’s efforts to achieve their goal of community-based natural resource management. The tour highlighted natural resource conservation activities, sustainable agriculture and fisheries, and the local culture and lifestyle through watershed forest trekking, spending a day with local fishermen and kaya-king in mangrove forests. The tour aimed to inspire ecotourism among Thailand tourism representatives, and it created essential business connections between the local community and potential customers.

“We are so thankful to the Thai Union-IUCN Partnership Project for bringing together the four communities in Koh Yao Yai sub-district,” said Mr. Prasert Boonsob, a representative of a Koh Yao Yai



Left: A member of the Muslim Thai community of Koh Yao Yai slingshots seeds. Right: The Muslim Thai community of Koh Yao Yai breeds and tends to goat herds to use their milk to create soap. Photo credit: Janyawath Sutamma/IUCN

community-based tourism group. “It was our first time collectively working on our natural resources and eco-systems. Community-based tourism creates job opportunities and additional income for community members.”



## LIFE BELOW WATER: BOLSA CHICA CONSERVANCY

Chicken of the Sea Frozen Foods and Chicken of the Sea International's Bolsa Chica Conservancy focuses on ecological reserves along the Southern California coast, removing invasive species from the wetlands. This helps increase the habitat value for the native animals that live or use the wetlands for breeding, feeding and shelter. A team of 20 volunteers worked with staff from the Bolsa Chica Conservancy to remove more than a dozen bags totaling 200 pounds of invasive species.

## SEA AND BEACH CLEANING IN VIETNAM

As a member of the Crab Council of the Vietnam Association of Seafood Exporters and Producers (VASEP), volunteers from Yueh Chyang Canned Food Co., Ltd. (YCC Vietnam) supported a fishery improvement project at Ha Tien by helping release berried female crab. The program is expected to generate 4 million larval crabs in the sea. The team calculated that at least six percent of the crabs would survive and thrive, producing 24 tons of raw material during the next six months, bringing approximately \$200,000 worth of benefits to local fishermen. The YCC Vietnam team also helped with a beach cleanup.

## HUMANITARIAN RELIEF

Since 2011, Thai Union has donated food to victims of natural disasters, working closely with partner organizations to ensure our donations reach those in need. In 2017, Thai Union donated 25,000 cans of mackerel to support flood victims in Sakon Nakhon province.

Additionally Chicken of the Sea, in conjunction with the Royal Thai Embassy and with help from the Red Cross, has provided 200,000 meals to support the victims of Hurricane Maria in Puerto Rico. Chicken of the Sea also partnered with Convoy of Hope to provide over 65,000 meals of shelf-stable seafood to people displaced by Hurricane Harvey.



# INAUGURAL GLOBAL SUSTAINABLE DEVELOPMENT AWARDS

Thai Union proudly announced our first ever Global Sustainable Development Awards, which were given out by our CEO, Thiraphong Chansiri, and Dr. Darian McBain, Global Director for Sustainable Development, during the 40<sup>th</sup> Anniversary Celebration in Bangkok in 2017.

Throughout the year, our employees participated in a vast number of sustainability projects in the markets where we operate. These programs have an incredible impact. With the Global Sustainable Development Awards, Thai Union not only has the chance to recognize those efforts, but we also increase awareness among our employees of the contributions their colleagues make to the local communities.

The awards were open to all Thai Union business units and brands. They included a popular vote, called the People’s Choice Award, and Winner and Runner-Up awards as judged by a Thai Union leadership panel.

All submissions related to one or more of the following issues: Thai Union’s SeaChange® sustainability strategy; United Nations SDGs (Zero Hunger, Life Below Water, and Decent Work and Economic Growth); and anti-corruption.

## WINNERS AND HONORABLE MENTIONS

### JUDGES’ WINNER

**Thai Union OPCO HR Daily Recruitment Team**  
 Migrant Worker Recruitment Process Development Project

### JUDGES’ RUNNER-UP

**Mareblu Marketing Team**  
 Dalla Parte Del Blu Project

### PEOPLE’S CHOICE WINNER

**Thai Union OPCO Quality Management and Human Resources Shared Services**  
 Friend to Friend Club Project

### JUDGES’ HONORABLE MENTION

**Thai Union OPCO Quality Management and Human Resources Shared Services**  
 Friend to Friend Club Project

### JUDGES’ HONORABLE MENTION

**Thai Union, Thai Union OPCO Production Fish**  
 Garbage Bank Program



## CASE STUDY

### THAI UNION HOSTS PHOTOGRAPHY WORKSHOP FOR STUDENTS

In November 2017, Thai Union hosted a photography workshop in Samut Songkram where students learned a picture can be worth a thousand words. But the story most worth telling that afternoon was about the surprising, natural talent behind the camera lens.

"I'll be honest, many of these children picked up photography better than some beginner-level adults," said Phonpanu Geerattayaporn, the workshop's photography instructor. "They were naturals. These children were incredibly attentive, eager to learn about the history of photography and the medium's terminology, and it translated into success once they started snapping photos—it was impressive."

Thai Union organized the one-day photography workshop for grade school students of Wat Srisudtharam School, where we sponsor classes for the children of migrant workers in the Samut Sakhon area to prepare students to enter Thailand's formal education system. Parents of the children also joined and participated in the workshop. Attendees were introduced to basic photography skills and techniques, along with the aesthetics of the art, and learned how to use photography for storytelling. The workshop paired children with their parents to photograph Ampawa Floating Market, similar to an art photographer or photojournalist on assignment.

"I really enjoyed learning about photography," said Nopparuj Mafueang, a sixth-grade student at Wat Srisudtharam School. "What I learned from this activity is how to take good photos with good composition.



Photos taken by workshop students.



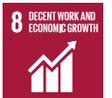
I also had a chance to take many nice pictures with my mother, which is a good memory for me because it is the first time I've ever had the chance to take pictures with her."

June, a ninth-grader originally from Myanmar, said one of the most important lessons she learned was that a person's creative inspiration can come from instinct as well as experience. "Photography can teach me a lot about myself and I appreciate that," she said. "I also learned how photos can tell a story, through the lens, and how to approach people and capture their natural appearance and expressions."

Activities such as this photography workshop are important to the people in the community and in line with Thai Union's sustainability strategy, SeaChange®,

which aims to improve the lives of those living and working in the regions in which we operate.

"Someone once said if we could experience life through the eyes of a child everything would be magical and extraordinary—looking at many of these images taken by the children from our community certainly invokes that sentiment," said Dr. Darian McBain, Thai Union's Global Director for Sustainable Development. "It was great to see these kids practice photography, something they might not ordinarily be able to do. And who knows, some might become professional photographers one day."



## CASE STUDY

### THAI UNION AND UNITED NATIONS WORLD FOOD PROGRAMME LAUNCH SCHOOL MEALS IMPACT STUDY

The United Nations (UN) World Food Programme (WFP), with support from Thai Union, launched a study in 2017 to model the impact of a planned national school meals program on the economy in Kenya.

In 2009, the Kenyan Government started a home-grown school meals program that provides school lunches to 1 million children. Another 600,000 children are fed by WFP's school meals program. WFP is gradually transitioning pupils from its direct support to the Government's home-grown school meals program, scheduled for completion by the end of 2018.

Through the home-grown school meals initiative, schools buy food from local markets, resulting in a direct economic benefit to farmers and traders, as well as to service providers such as transporters and suppliers of farm inputs.

Schools and institutions buying from local farmers increase cash flow and create more opportunities for local area employment. The Local Economy-Wide Impact Evaluation (LEWIE) method developed by the University of California, Davis (UC Davis) Agricultural and Resource Economics Department will gather evidence and quantify the economic impact of the home-grown school meals program.

The study, which will be done in collaboration with UC Davis, will demonstrate the potential local and national economic impact of a national program providing daily

lunch to all 8.9 million schoolchildren in Kenya. Using data from schools, traders, businesses, farmers and households, it will be possible to estimate the returns generated by every dollar invested in a national school meals program, based on the procurement of local food products.

The lessons learned from this project could show an ability to dramatically improve the nutrition of schoolchildren while concurrently boosting local economies with one single policy. Additionally, demonstrable success could pave the way for similar initiatives on a global level in both developed and developing nations.

Thai Union's support of WFP and the home-grown school meals program in Kenya is in line with our work to deliver against the UN Sustainable Development Goals (SDGs) through our sustainability strategy, SeaChange®, including SDG 2, Zero Hunger, and SDG 8, Decent Work and Economic Growth.

"Collaboration with actors in the private sector committed to social responsibility is critical to achieving zero hunger," said Ms. Annalisa Conte, WFP Kenya's Country Director and Representative. "WFP Kenya greatly appreciates Thai Union's support to this project, which will shed light on how a national school meals program that actively engages local farmers and businesses can contribute to improved livelihoods for the people of Kenya. We look forward to working together and sharing our findings as we move forward."

The study, being conducted by UC Davis, started in July 2017 and will finish by December 2019. The results will provide valuable insights to the Kenyan Government about its plan for a universal lunch program that feeds all schoolchildren in Kenya.



Photo credit: WFP/Rein Skullerud



## HEALTH AND WELLNESS

As the world population growth nears an expected 9 billion people by 2030, demographic shifts and inevitable growth in aging populations will likely result in changing lifestyle and food consumption patterns. The rising double burden of malnutrition, the co-existence of undernutrition together with obesity and non-communicable diseases in a rapidly changing global nutrition landscape emphasizes the importance of good food choices to address current and future health concerns. For instance, health and wellness is becoming increasingly important to consumers.

To meet an evolving consumer demand for sustainable and nutritious foods for health, Thai Union is developing innovative food products through the fundamental scientific understanding of raw materials from traceable sources. Thai Union's ground-breaking research incorporates health and wellness consideration in product development to benefit Thai Union's consumers worldwide.

Innovation is vitally important to our socially responsible and sustainable corporate policies and practices, growth and development. Through cutting-edge science, Thai Union's innovations support smarter utilization of fishery resources, optimization of processes and technology, value creation of byproducts, and healthier societies.

Guided by our corporate strategies, we conduct research and development, and we collaborate with multidisciplinary, well respected and credible



scientists and institutions. For example, we investigate underutilized byproducts to identify potential health and nutrition benefits. Ultimately, we will add to Thai Union's portfolio a new health and wellness category, which not only provides high economic value but also contributes to the sustainable development agenda. Thai Union's vision to be the world's most trusted seafood leader helps ensure that we care for our resources to nurture generations to come. A healthy diet and balanced nutrition is important throughout life. Therefore, we commit to developing superior quality and innovative products based on credible science with the best nutrition for consumers' health and wellness—regardless of age, gender, income or culture.

### THAI UNION'S COMMITMENTS TO ACHIEVING OUR CORPORATE VISION FOR HEALTH AND WELLNESS

1. New discoveries and key findings from all research projects across platforms will be distilled and integrated to form relevant knowledge. This knowledge will build the capability of product creation, process development work streams, and pipelines to meet consumer and market demands.
2. Research outcomes will transform the next generation of products to better suit specific age groups, health conditions and socioeconomic levels.

3. To maximize the value of fishery resources, underutilized byproducts will be investigated for potential health and nutrition benefits.
4. To address health and safety issues throughout the launch of innovative products, our operations will be managed using a credible scientific database as well as supply chain safety and quality control mechanisms.
5. We will empower consumers to make healthy choices by providing honest, accurate and reliable nutrition information. We will also provide labelling that is consistent with scientific evidence and complies with regulatory requirements.

## PRODUCT INNOVATION IN 2017

Thai Union has developed a patent pending process for delivering a new tuna product to consumers in a convenient format that suits busy lifestyles. By redefining the tuna format, we are opening new channels, outlets and customers for Thai Union. Thai Union is also developing an innovative tuna sausage that provides consumers with a nutritious, low fat, tasty alternative in a consumer market dominated by unhealthy options. It is a great choice for the growing health conscious consumer market looking for convenient products to fit active lifestyles. It will be initially launched in Thailand, reaching target consumers through convenience stores.

## NUTRITION LABELLING

Our social innovation has two foci: meeting the global trend for healthy nutrition and conforming to nutrition labelling schemes for a healthier society. The nutrition facts for all new Thai Union products are as transparent as possible. In 2016, 100 percent of our

new products had nutrition fact labels; an increase from 65 percent in 2015. In 2016, 40 percent of our new products had nutrition claim labels; an increase from the previous year's 20 percent. At Thai Union, we will continuously improve our products to be healthier for the wellbeing of consumers worldwide.



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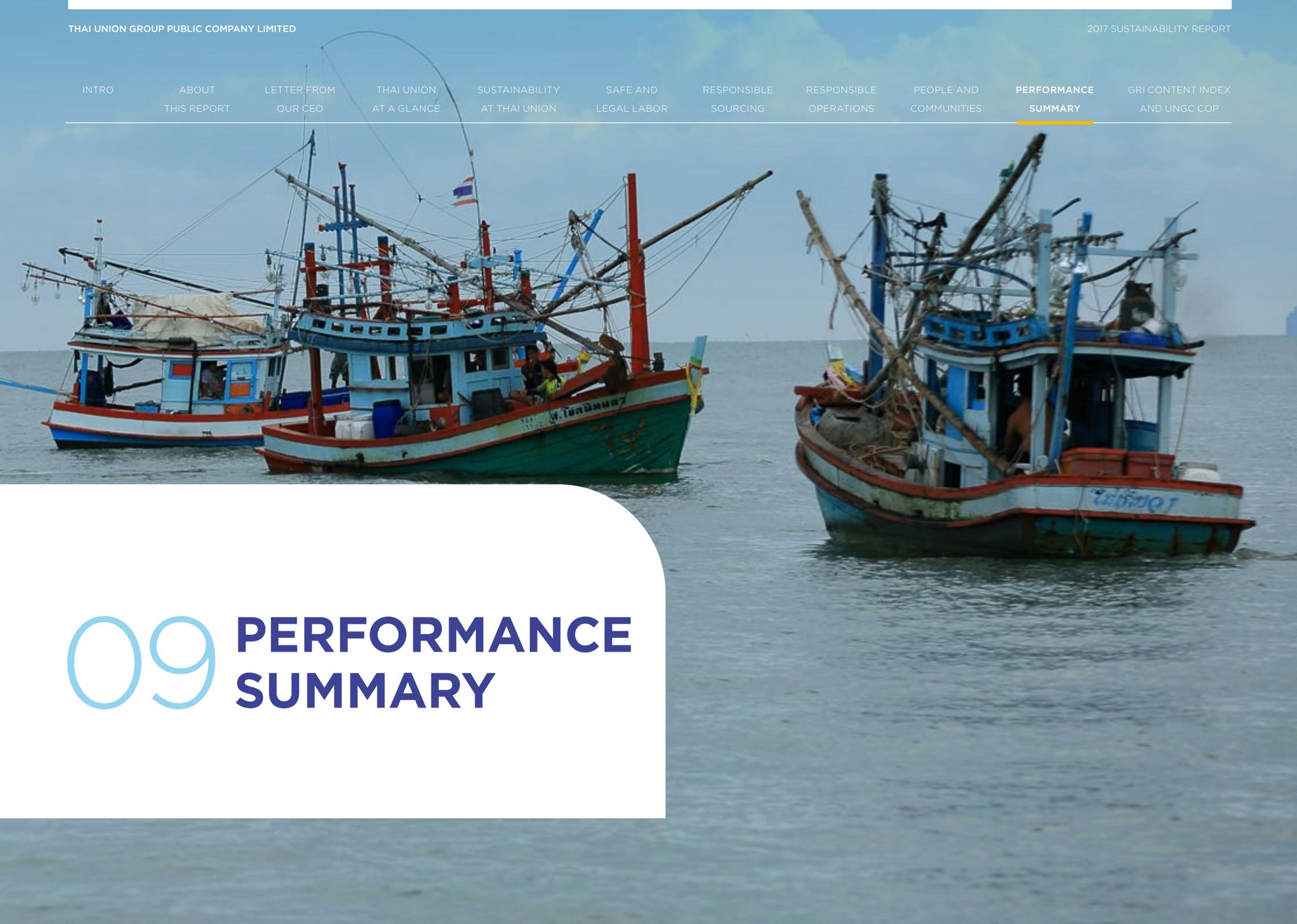
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# 09 PERFORMANCE SUMMARY

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Thai Union discloses its sustainability performance on an annual basis, including our yearly disclosure of global data, reporting against our commitments and materiality.

## ECONOMIC PERFORMANCE

PERFORMANCE DATA	UNIT	2015	2016	2017
<b>Economic Performance</b>				
Total revenue	Million Baht	125,182.81	134,375.11	136,535.16
Total cost				
Operating cost	Million Baht	118,366.04	118,366.04	131,823.68
Employee wages and benefits	Million Baht	12,802.27	10,795.08	12,540.22
Cash paid for interest expenses	Million Baht	1,234.16	1,009.31	2,182.09
Dividend paid	Million Baht	2,719.99	2,982.06	3,006.20
Cash paid for corporate income tax	Million Baht	1,070.65	1,706.59	877.29
Asia	Million Baht	321.72	117.47	205.31
EU & Africa	Million Baht	573.50	1,103.80	433.91
North America	Million Baht	175.44	485.32	238.07
Corporate responsibility & community investment	Million Baht	137.15	117.72	135.16
<b>Innovation and Product Responsibility</b>				
Percentage of marketed new products with nutritional labels	%	65*	100	97
R&D spending as percentage of sales	%	0.19	0.22	0.22

G4-22

## OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

PERFORMANCE DATA	UNIT	2016	2017
Lost time injury frequency rate (LTIFR) - employees	Cases per 200,000 hours worked	0.89	0.74
Lost time injury severity rate (LTISR) - employees	Cases per 200,000 hours worked	7.5	5.8
Lost time injury frequency rate (LTIFR) - contractors	Cases per 200,000 hours worked	0.37	0.14

\*An error in the 2015 Sustainability Report originally listed this figure as 95. It has been corrected here to 65. Data from 2015-2016 refers to product using tuna as an ingredient. Data from 2017 covers all seafood, including tuna, mackerel, salmon, sardine and shrimp.

## PEOPLE PERFORMANCE

HUMAN CAPITAL DEVELOPMENT	UNIT	2015	2016	2017
Total workforce	People	39,864.00	49,177.00	51,143.00
Full time employee (FTE)	People	11,623.00	13,381.00	12,803.00
Daily staff	People	28,241.00	35,796.00	38,340.00
Average hours of training & development per year	Hour/employee	26.28	17.81	14.96
Average amount spent on training & development per FTE	Thai Baht	4,004.65	4,278.85	7,543.79
Human capital return on investment	Thai Baht	9.79	12.26	10.81
ATTRACT AND RETAIN TALENT				
Employee satisfaction survey	% of employee satisfaction	72.67	66.04	82.92
Total employee turn-over per FTE	%	14.85	14.43	14.98
Asia	%	13.32	14.33	13.50
US Region	%	21.00	10.50	30.74
EU Region	%	15.00	6.93	16.16
DIVERSITY				
Gender distribution by level				
Total management	People	765.00	1,148.00	967.00
Total management - female ratio	%	42.00	37.80	43.12
Total management - male	People	447.00	714.00	550.00
Total management - female	People	318.00	434.00	417.00
Management - male	Total People	447.00	714.00	550.00
Top management	People	17.00	17.00	19.00
Middle management	People	100.00	161.00	119.00
Junior management	People	330.00	536.00	412.00
Management - female	Total People	318.00	434.00	417.00
Top management	People	4.00	3.00	3.00
Middle management	People	35.00	47.00	43.00
Junior management	People	279.00	384.00	371.00
Total non-management	People	7,671.00	11,892.00	10,516.00
Total non-management - female ratio	%	61.00	55.61	59.48
Total non-management - male	People	3,025.00	5,279.00	4,261.00
Total non-management - female	People	4,646.00	6,613.00	6,255.00
Proportion of local hiring of senior management (for HQ only)	%	55.55	80.00	59.82
Freedom of association - number of employees represented by trade union	People	294.00	626.00	877.00
	%	24.52	7.91	10.16
Number of consultants/negotiations with trade union	Number of sessions	12.00	26.00	9.00

## ENVIRONMENTAL PERFORMANCE

PERFORMANCE DATA	UNIT	FACTORY		
		2015	2016	2017
Production	Ton	666,117	688,082	701,982
<b>GHG EMISSION</b>				
<b>Total GHG Intensity</b>	tCO <sub>2</sub> /tonFG	0.82	0.83	0.73
Total Emission	tCO <sub>2</sub>	545,690	568,109	513,326
GHG Scope 1	tCO <sub>2</sub>	384,966	384,588	322,931
GHG Scope 2	tCO <sub>2</sub>	160,724	183,521	190,395
<b>ENERGY MANAGEMENT</b>				
<b>Total Energy Intensity</b>	GJ/tonFG	6.10	6.37	5.81
Total Energy Consumption	GJ	4,065,203	4,383,326	4,076,053
Total Direct Energy	GJ	2,950,612	3,120,558	2,790,897
Fuel Oil (Bunker Oil)	GJ	854,797	901,381	885,578
Natural Gas	GJ	153,060	193,298	182,801
Diesel	GJ	506,540	583,013	207,647
LPG	GJ	143,956	178,074	164,726
Coal	GJ	1,201,318	1,115,070	1,218,311
Gasoline	GJ	2,075	1,028	978
Bio-gas	GJ	27,003	20,220	15,785
Wood Pellet	GJ	58,812	128,474	115,071
Palm Kernel Shell	GJ	3,051	-	-
Total Indirect Energy (Electricity)	GJ	1,114,591	1,262,769	1,285,156
<b>WATER</b>				
<b>Total Energy Intensity</b>	m <sup>3</sup> /tonFG	13.94	15.06	14.85
Water Withdrawal	m <sup>3</sup>	9,291,126	10,360,787	10,422,051
Public Water (Municipal Water)	m <sup>3</sup>	7,365,044	8,213,209	8,138,174
Other	m <sup>3</sup>	1,926,082	-	-
Surface Water	m <sup>3</sup>	-	1,068,648	974,954
Ground Water	m <sup>3</sup>	-	1,011,892	1,243,415
Rainwater Collected by Organization	m <sup>3</sup>	-	67,039	65,508
Recycled & Reused Water	m <sup>3</sup>	-	1,105,193	662,302
<b>WASTE</b>				
Waste to Landfill	Ton	-	38,524	25,570
<b>Waste to Landfill Intensity</b>	kg/tonFG	-	55.99	36.42

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PERFORMANCE DATA	UNIT	FARM & HATCHERY			OFFICE		
		2015	2016	2017	2015	2016	2017
Production	Ton	-	903	199	-	-	-
<b>GHG EMISSION</b>							
<b>Total GHG Intensity</b>	tCO <sub>2</sub> /tonFG	-	-	-	-	-	-
Total Emission	tCO <sub>2</sub>	-	4,294	2,903	-	559	559
GHG Scope 1	tCO <sub>2</sub>	-	487	342	-	86	20
GHG Scope 2	tCO <sub>2</sub>	-	3,807	2,561	-	518	539
<b>ENERGY MANAGEMENT</b>							
<b>Total Energy Intensity</b>	GJ/tonFG	-	-	-	-	-	-
Total Energy Consumption	GJ	-	33,097	21,942	-	4,882	3,880
Total Direct Energy	GJ	-	6,585	4,532	-	1,233	291
Fuel Oil (Bunker Oil)	GJ	-	-	-	-	-	-
Natural Gas	GJ	-	-	-	-	-	-
Diesel	GJ	-	6,474	4,445	-	16	10
LPG	GJ	-	-	-	-	-	-
Coal	GJ	-	-	-	-	-	-
Gasoline	GJ	-	111	189	-	1,217	281
Bio-gas	GJ	-	-	-	-	-	-
Wood Pellet	GJ	-	-	-	-	-	-
Palm Kernel Shell	GJ	-	-	-	-	-	-
Total Indirect Energy (Electricity)	GJ	-	26,512	17,834	-	3,650	3,589
<b>WATER</b>							
<b>Total Energy Intensity</b>	m <sup>3</sup> /tonFG	-	-	-	-	-	-
Water Withdrawal	m <sup>3</sup>	-	1,555,953	1,479,029	-	15,927	15,950
Public Water (Municipal Water)	m <sup>3</sup>	-	14,576	13,791	-	15,927	15,950
Other	m <sup>3</sup>	-	-	-	-	-	-
Surface Water	m <sup>3</sup>	-	1,448,571	1,437,854	-	-	-
Ground Water	m <sup>3</sup>	-	92,806	41,175	-	-	-
Rainwater Collected by Organization	m <sup>3</sup>	-	-	-	-	-	-
Recycled & Reused Water	m <sup>3</sup>	-	-	-	-	-	-
<b>WASTE</b>							
Waste to Landfill	Ton	-	83.17	99.67	-	6.30	6.67
<b>Waste to Landfill Intensity</b>	kg/tonFG	-	-	-	-	-	-

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Thai Union's 2017 Sustainability Report is in alignment with GRI Guidelines and the UN Global Compact Communication on Progress.

# GRI CONTENT INDEX AND UNGC PRINCIPLES COP

## GENERAL STANDARD DISCLOSURES



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(1) In 2017, Thai Union's reporting coverage covers all subsidiary companies. The subsidiary companies are defined by the percentage of the company ownership over 50%. Please refer to the Annual Report 2017 page 66-75.

## GENERAL STANDARD DISCLOSURES (CONTINUED)

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## SPECIFIC STANDARD DISCLOSURES

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	G4-EN5	Energy intensity	89, 124-125	-	-
	G4-EN6	Reduction of energy consumption	89	-	-
Water	G4-DMA	Generic disclosures on management approach	90	-	-
	G4-EN8	Total water withdrawal by source	91, 124-125	-	-
	G4-EN9	Water sources significantly affected by withdrawal of water	90, 124-125	-	-
	G4-EN10	Percentage and total volume of water recycled and reused	90	-	-
Emissions	G4-DMA	Generic disclosures on management approach	84	-	-
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	85-86, 124-125	-	-
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	86, 124-125	-	-
	G4-EN18	Greenhouse gas (GHG) emissions intensity	85	-	-
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	85, 89	-	-
Effluents and waste	G4-DMA	Generic disclosures on management approach	91	-	-
	G4-EN23	Total weight of waste by type and disposal method	124-125	-	-
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<b>LABOR PRACTICES AND DECENT WORK</b>					
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## SPECIFIC STANDARD DISCLOSURES (CONTINUED)

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Material Aspects	DMA and Indicators	Description	Page Number (or Link)	Omissions /Notes	External Assurance
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	G4-LA6	lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	96, 122	-	-
	G4-DMA	Generic disclosures on management approach	102	-	-
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	123	-	-
Supplier assessment for labor practices	G4-DMA	Generic disclosures on management approach	63-65	-	-
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	52, 63, 74-75	-	-
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Investment	G4-DMA	Generic disclosures on management approach	63-65	-	-
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	39, 52	-	-
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	39, 52	-	-
Freedom of association and collective bargaining	G4-DMA	Generic disclosures on management approach	63, 64-65	-	-
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	123	-	-
Forced or compulsory labor	G4-DMA	Generic disclosures on management approach	63, 64-65	-	-

## SPECIFIC STANDARD DISCLOSURES (CONTINUED)

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Material Aspects	DMA and Indicators	Description	Page Number (or Link)	Omissions /Notes	External Assurance
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Local communities	<b>G4-DMA</b>	Generic disclosures on management approach	103	-	-
	<b>G4-SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	84, 104, 106-111, 112-113	-	-
Anti-corruption	<b>G4-DMA</b>	Generic disclosures on management approach	51-53	-	-
	<b>G4-SO3</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	52-53	-	-
	<b>G4-SO4</b>	Communication and training on anti-corruption policies and procedures	52, 63	-	-
Supplier assessment for impacts on society	<b>G4-DMA</b>	Generic disclosures on management approach	68-69, 71-72	-	-
	<b>G4-SO9</b>	Percentage of new suppliers that were screened using criteria for impacts on society	71, 74-75, 79	-	-
	<b>G4-SO10</b>	Significant actual and potential negative impacts on society in the supply chain and actions taken	74-75	-	-
Product and service labeling	<b>G4-DMA</b>	Generic disclosures on management approach	118-119	-	-
	<b>G4-PR3</b>	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	74-80, 122	-	-

# FOOD PROCESSING SECTOR DISCLOSURES

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	<b>FP2</b>	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	74-75, 79-80	-	-



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	Principle 2 Businesses should make sure that they are not complicit in human rights abuses	37-39, 63-65
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	Principle 4 The elimination of all forms of forced and compulsory labor	37-39, 51, 64
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